(TEXT ON THIS PAGE MUST BE PUT ON THE STANDARD AGREEMENT, STD. 2 FORM)

Contractor agrees to furnish and install at a site designated by the State, in the vicinity of Sacramento, California, and to sell to the State, and the State hereby intends to purchase from the Contractor, in accordance with the General Terms and Conditions below, all the electronic data processing software and special features listed on Rider C. In addition, Contractor agrees to provide to the State all those products and services specified in all Riders attached to this contract, and in accordance with any provisions contained therein. The maximum amount of this contract shall not exceed $51,636,172.16. The term of this contract shall be from April 17, 1997 to April 16, 2004.

The following Riders and Addendum are hereby incorporated by reference and made a part hereof

Rider A - Special Provisions
Rider B - Equipment List, Prices, Installation Dates and Allied Information
Rider C - Software List, Prices, Delivery Dates and Allied Information
Rider D - Acceptance Testing
Rider E - Financial Schedules
Rider F - Maintenance Provisions
Rider G - Software License
Rider H - Training
Rider I -   Personal Services
Rider J - Additional Contractor Commitments
Rider K - Non-Applicability
Form 17B - Nondiscrimination Clause

RFP DHS 96-25511 and Contractor's responding bid are hereby incorporated and made a part of this contract.

(Please Note: Fill in and Sign Only the Portion of the Std. 2 under "CONTRACTOR.")

STATE OF CALIFORNIA

STANDARD AGREEMENT

STD. 2 (REV. 5-91) (REVERSE)

1. The Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work services, materials or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Contractor in the performance of this contract.

2. The Contractor, and the agents and employees of Contractor, in the performance of the agreement, shall act in an independent capacity and not as officers or employees or agents of State of California.

3. The State may terminate this agreement and be relieved of the payment of any consideration to Contractor should Contractor fail to perform the covenants herein contained at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. The cost to the State shall be deducted from any sum due the Contractor under this agreement, and the balance, if any, shall be paid the Contractor upon demand.

4. Without the written consent of the State. this agreement is not assignable by Contractor either in whole or in part.

5. Time is of the essence in this agreement.

6. No alteration or variation of the terms of this contract shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

The consideration to be paid Contractor, as provided herein, shall be in compensation for all or Contractor's expenses incurred in the performance hereof, including travel and per diem, unless otherwise expressly so provided.

91 61014

STATE MODEL PURCHASE CONTRACT
GENERAL TERMS AND CONDITIONS

1. Term and Amount of Contract

The term of this contract if applicable shall be as stated on the face of the State's solicitation document and Purchase Order Forms, or Standard Agreement Form, subject to the availability of funds, unless terminated earlier by the State in accordance with the termination provisions contained in Paragraph 37. The maximum amount of this contract shall not exceed that amount stated on the face of the State's Purchase Order or Standard Agreement Form, payable solely from funds appropriated for the purpose of this contract. This amount may be changed during the term of this contract only by amendment to this contract. This contract is effective on the State's Purchase Order Date, or if a Standard Agreement Form is used, after signing by the Contractor and the Contracting State Agency, on the date of its last approval or certification of exemption from approval by or on behalf of the Director of Finance and the Director of General Services.

2. Amendments

Unless specifically prohibited by the solicitation document which was the basis for this contract, this contract may be amended by mutual consent of the parties. An amendment shall not be effective until approved by the Director of General Services, or delegated representative, or until a certification of exemption from such approval has been signed by the contracting agency. No alteration or variation of the terms of this contract shall be valid unless made in writing, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

3. Definitions

a. Data Processing System (System) The total complement of Contractor-furnished machines, including one or more central processors (or instruction processors) and operating software, which are acquired to operate as an integrated group.

b. Data Processing Subsystem A complement of Contractor-furnished individual machines, including the necessary controlling elements (of the functional equivalent) and operating software, if any, which are acquired to operate as an integrated group, and which are interconnected entirely by Contractor-supplied power and/or signal cables; e.g., direct access controller and drives, a cluster of terminals with their controller, etc.

c.   Machine-An individual unit of a data processing system or subsystem, separately identified by a type and/or model number, comprised of but not limited to mechanical, electro-mechanical, and electronic parts, microcode, and special features installed thereon and including any necessary software; e.g., central processing unit, memory module, tape unit, card reader, etc.

d. Equipment-An all-inclusive term which refers either to individual machines or to a complete data processing system or subsystem, including its operating software (if any).

e. Equipment Failure-A malfunction in the equipment, excluding all external factors, which prevents the accomplishment of the equipment's intended function(s). If microcode or operating software, residing in the equipment, is necessary for the proper operation of the equipment, a failure of such microcode or operating software which prevents the accomplishment of the equipment's intended functions shall be deemed to be an equipment failure.

f. Operation Use Time-For performance measurement purposes, that time during which equipment is in actual operation by the State.

g. Preventive Maintenance-That maintenance, performed on a scheduled basis by the Contractor, which is designed to keep the equipment in proper operating condition.

h. Remedial Maintenance-That maintenance performed by the Contractor which results from equipment (including operating software) failure, and which is performed as required; i.e., on an unscheduled basis.

i. Principal Period Of Maintenance--Any nine consecutive hours per day (usually between the hours of 7:00 a.m. and 6:00 p.m.) as selected by the State, including an official meal period not to exceed one hour, Monday through Friday, excluding holidays observed at the installation.

j. Period of Maintenance Coverage--The period of time, as selected by the State, during which maintenance services are provided by the Contractor for a fixed monthly charge, as opposed to an hourly charge for services rendered. The Period of Maintenance Coverage consists of the Principal Period of Maintenance and any additional hours of coverage per day, and/or increased coverage for weekends and holidays.

k. Maintenance Diagnostic Routines-The diagnostic programs customarily used by the Contractor to test equipment for proper functioning and reliability.

l. Facility Readiness Date-The date specified in the contract by which the State must have the site prepared and available for equipment delivery and installation.

m. Installation Date-The date specified in the contract by which the Contractor must have the ordered equipment ready (certified) for use by the State.

n. Performance Period-A period of time during which the State, by appropriate tests and production runs, evaluates the performance of newly installed equipment and software prior to its acceptance by the State.

o. Acceptance Tests-Those tests performed during the Performance Period as provided by Paragraph 8 and 9, and by Rider D, which are intended to determine compliance of equipment

and software with Contractor's published specifications and to determine the reliability of the equipment.

p. Machine Alteration-Any change to a Contractor-supplied machine which is not made by the Contractor, and which results in the machine deviating from its physical, mechanical, electrical, or electronic (including microcode) design, whether or not additional devices or parts are employed in making such change.

q. Attachment-The mechanical, electrical, or electronic interconnection to the Contractor-supplied machine or system of equipment manufactured by other than the original equipment manufacturer and which is not connected by the Contractor.

r. Software-An all-inclusive term which refers to any computer programs, routines, or subroutines supplied by the Contractor, including operating software, programming aids, application programs, and program products.

s. Operating Software-Those routines, whether or not identified as program products, that reside in the equipment and are required for the equipment to perform its intended function(s), and which interface the operator, other Contractor-supplied programs, and user programs to the equipment.

t. Programming Aids-Contractor-supplied programs and routines executable on the Contractor's equipment which assists a programmer in the development of applications including language processors, sorts, communications modules, data base management systems, and utility routines, (tape-to-disk routines, disk-to-print routines, etc.).

u. Application Program-A computer program which is intended to be executed on the Contractor's equipment for the purpose of performing useful work for the user of the information being processed. Application programs are usually developed or otherwise acquired by the user of the hardware/software system, but they may be supplied by the Contractor.

v. Program Product-Programs, routines, subroutines, and related items which are proprietary to the Contractor and which are licensed to the State for its use, usually on the basis of separately stated charges and appropriate contractual provisions.

w. Software Failure-A malfunction in the Contractor-supplied software, other than operating software, which prevents the accomplishment of work, even though the equipment (including its operating software) may still be capable of operating properly. For operating software failure, see definition of equipment failure.

4. Contractor Written Commitments

Any written commitment by the Contractor within the scope of this contract shall be binding upon the Contractor. Failure of the Contractor to fulfill any such commitment shall render the

Contractor liable for liquidated or other damages due to the State. Such written commitments include (1) any warranty or representation made by the Contractor in the bid or proposal as to equipment or software performance, total system performance, or other physical design or functioning characteristics of a machine or software system; (2) any warranty or representation made by the Contractor concerning the characteristics of the items described in (1) above, made in any publication, drawings, or specifications accompanying or referred to in the bid or proposal which pertains to the responsiveness of the bid or proposal to the solicitation document, and (3) any written notification of or affirmation or representation as to the above which is made by the Contractor in or during the course of negotiations and which is incorporated into a formal amendment to the proposal.

5. Site Preparation (Not Applicable)

6. Installation and Delivery Dates

a. Equipment (Not applicable)

b. Software (other than Operating Software)

(1) The Contractor shall provide those programming aids, program products, and applications listed on Rider C, on or before the Delivery Dates specified in Rider C, and shall certify to the State that such software has been delivered and is ready for State use. For purposes of this Paragraph, "delivered" also means received by the State, if such software is mailed by the Contractor.

(2) If, in the opinion of the Contractor, the services of the Contractor are required to install the software on the State equipment, "delivery" of the software, for the purposes of this contract, shall be deemed to include such installation services.

(3) In the event the Contractor fails to deliver the agreed-upon software by the dates specified, liquidated damages as prescribed in Paragraph 7 will apply.

(4) During the period of this contract, when requested by the State, the Contractor shall furnish any additional software which it has developed or may develop at a future date for general use with the type of equipment listed on Rider B and which it furnishes to its customers generally, at the charges generally in effect at that time.

7. Liquidated Damages

a. General

The Installation Dates of the software set forth in Rider C and the tasks set forth in Rider I have been fixed so that the utilization of the software is consistent with the timing schedules of the State's programs. If any of the software, is not installed within the times

specified in Riders C and I, and/or any of the other software is not delivered to the State within the time limits specified in Riders C and I, the delay will interfere with the proper implementation of the State's programs, to the loss and damage of the State. From the nature of the case, it would be impracticable and extremely difficult to fix the actual damages sustained in the event of any such delay. The State and Contractor, therefore, presume that in the event of any such delay the amount of damage which will be sustained from a delay will be the amounts set forth in RFP Section 5.6.2, and the State and the Contractor agree that in the even of any such delay, the Contractor shall pay such amounts as liquidated damages and not as a penalty. Similarly, a unilateral deferment by the State of equipment installation without appropriate notice, or a delay in readying the facility, interferes with the installation schedule under which the Contractor operating, and damages to the Contractor may result. The State and Contractor presume that in the event of such delay, the amount of damage which will be sustained will be the amount set forth in RFP Section 5.6.2, and they agree that in the event of such a delay, the State will pay such amount as liquidated damages and not as a penalty. Amounts due the State as liquidated damages may be deducted by the State from any money payable to the Contractor under this contract. The State shall notify the Contractor in writing of any claim for liquidated damages pursuant to this paragraph on or before the date State deducts such sums from money payable to the Contractor.

b. Equipment Installation Delays Caused by the Contractor (Not Applicable)

c. Other Delivery Delays Caused by the Contractor

(1) If the Contractor does not deliver all the programming aids, program products, and applications listed on Riders C and I, ready for use in substantial accordance with the Contractor's specifications, on or before the Delivery Dates specified in Riders C and I, the Contractor shall be liable for liquidated damages in the amounts of $500 per day for a maximum of 180 days per Phase, in lieu of all other damages for such nondelivery.

(2) If the State is unable to use the software on the installation date because Contractor failed to deliver the software listed in Riders C and I, the delivery date specified in Riders C and I, and Contractor does not furnish suitable substitute software acceptable to the State, liquidated damages for software non-installation as specified in Paragraph 7b(1) shall be paid to the State. Such liquidated damages shall apply until the Contractor provides the programming aids or applications which would render the software usable, but not for more than 180 calendar days.

(3) In the event of cascading Contractor failures resulting from a single failure, subject to liquidated damages, the State will be entitled to assess the highest single liquidated damage penalty only. There will be no concurrent applications of liquidated damages resulting due to cascading failures resulting from a single failure.

(4) Once the State has determined that liquidated damages are to be assessed, the Contracting Officer shall notify the Contractor in writing of the reason for and amount of the assessment (or assessments). The assessment notice shall be sent to the Contractor by certified mail, return receipt requested, or by any other method which provides evidence of receipt.

(5) If it should be later determined in the disputes process that funds collected by the State to pay a liquidated damages assessment should be refunded, the State shall pay interest accruing from the date of collection. The Interest paid shall be the average rate for investment in the Pooled Money Investment Fund (PMIF) in effect for the month in which the assessment was collected. When a liquidated damages assessment is collected over a period of two or more months, the interest rate paid by the State shall be the average rate for investment in the PMIF in effect for the first month in which the assessment was otherwise collected, revised quarterly for the period of time the assessment was retained by the State.

(6) The Contractor shall pay interest to the State on all liquidated damages assessments which are not either paid or offset against payment due the Contractor within thirty (30) days of the date of receipt of the assessment notice. The interest rate paid shall be the average rate for investment in the PMIF in effect for the month of assessment. If the Contractor's continuing liability for one particular liquidated damages extends over a period of two or more months, the interest rate shall be the average for investment in the PMIF for the first month in which liquidated damages were assessed, revised quarterly over the period the assessment remained uncollected.

(7) The Contractor shall be relieved of its performance obligations for the period of delay caused by the State or its agents, if the State concurs that it or its agents caused the delay, and the time for performance shall be extended for the same period of time.

d.   Installation of Delivery Delays Caused by the State

(1) In the event the software cannot be installed because the State has failed to prepare the facility by the Facility Readiness Date specified, the State shall be liable for fixed liquidated damages specified in Riders C and 1, each day between the Facility Readiness Date specified in Rider B and the actual readiness date, but not to exceed 180 calendar days, in lieu of all other damages for such delay.

(2) In the event a change directed by the State requires a later installation date of certain equipment and the State has failed to notify the Contractor of the delay at least 60 days prior to the original Installation Date, the State shall be liable, in lieu of all other damages, for liquidated damages as specified in Paragraph 7d(1) for each day between the original Installation Date and the new Installation Date, but not to exceed 180 calendar days.

(3) The State shall not be liable for liquidated damages under both Paragraphs 7d(1) and 7d(2) during the same period of time with respect to the same equipment.

8. **Acceptance Testing for Equipment (Not Applicable)**

9. **Acceptance Testing for Software**

a. Acceptance testing is required for all Contractor-supplied software supplied under this contract and listed on Rider C, including all software initially installed, improved versions (new releases) of this software, any such software which has been altered (modified) by the Contractor to satisfy State requirements, and any substitute software provided by the Contractor in lieu thereof, unless Rider D provides otherwise. The purpose of the acceptance test is to ensure that the software operates in substantial accord with the Contractor's technical specifications and meets the State's performance specifications. The specific procedures for the accomplishment of such tests are contained in Rider D.

b. When software has been provided and certified in accordance with Paragraph 6b(1), the State shall begin acceptance testing, as outlined in the RFP, and as provided in Rider D.

c. If successful completion of the acceptance test is not attained within 6 weeks after the start of the acceptance testing, the State shall have the option to request substitute software, cancel that portion of the contract which relates to the unaccepted software, or continue the acceptance tests. The State's option shall remain in effect until such time as the tests are successfully performed, or 180 days after certification, whichever occurs first. If the acceptance tests have not been successfully performed prior to the expiration of 180 days, that portion of the contract which relates to the unaccepted software shall be canceled, unless both parties agree to the continuation of the tests or to the delivery of substitute software. If the unaccepted software (or its functional equivalent) is crucial to the accomplishment of the work for which the equipment was acquired, and is so identified in Rider D, the State shall have the option of terminating the entire contract in accordance with Paragraph 26, "Rights and Remedies of State for Default."

d. Unless otherwise provided in Rider D, software shall not be accepted by the State and no charges associated with such software shall be paid by the State until the software has satisfactorily completed the acceptance tests.

e. Immediately upon successful completion of the acceptance testing, the State shall notify the Contractor in writing of the acceptance of the software and authorize appropriate payment. The State shall maintain adequate records to satisfy the requirements of acceptance testing.

10. <u>Purchase Prices and Payment Schedules</u>

a. Purchase prices for equipment under this contract shall be shown in Riders C and 1. The monthly cost to the State for installment payments, if applicable under this contract, shall be in accordance with the appropriate Payment Schedule(s) contained in Rider E. If the software is proprietary, the license for its use is contained in Rider G.

b. The consideration to be paid Contractor, as provided herein shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel and per diem, unless otherwise expressly so provided.

11. <u>Use of Software and Basis for Payment</u>

All software to be delivered, with any charges for its use, are listed on Rider C. Each item of software which is proprietary in nature shall be licensed to the State for its use in accordance with the provisions of Rider G. Except as may be provided in Rider G, the State shall have unrestricted use of such software.

12. <u>Maintenance of Equipment</u> (Not Applicable)

13. <u>Replacement Parts Availability</u> (Not Applicable)

14. <u>Transportation and Installation</u> (Not Applicable)

15. <u>Training and Technical Services</u>

   a. Training: Any training to be provided will be as stated in Rider H.

   b. Technical and Other Personal Services

      Personal services to be provided by the Contractor to the State, if any, will be as stated in Rider 1.

16. <u>Invoices and Payments</u>

a. Submission of Invoices

The Contractor shall render invoices in triplicate to the name and address listed in 16. b. Payment Provisions. Invoices for purchases and software fees are not due and payable until successful completion of any applicable acceptance testing. Invoices for services are not due and payable, and do not constitute an obligation of the State, until the month following the month

for which charges accrue. Installment payments, if any, shall be in accordance with Rider E payment schedules.

b. Payment Provisions

Payment Provisions: The State shall pay the contractor for all Design, Development, and Implementation work performed under this contract after completion of each deliverable. All payments shall cover only work certified as complete by the contractor and verified by the State through acceptance testing and / or State staff certification.

The contractor shall invoice the Department for Software licenses only after successful installation and acceptance testing. Each Software product must be enumerated on Rider C and also on any invoice submitted.

The State will withhold payment for any service or product which has not completed acceptance testing, or which has not been successfully tested until such time as the product passes such tests. The State has the right to withhold any and all payments due under the contract to the extent of any amounts that are in dispute. Such disputes may include the contractors failure to deliverable specific deliverables, software, or other specific services called for in this contract. Amounts due to the State as damages or deductions may be withheld by the State from any money payable to the contractor pursuant to the contract. The State shall notify the contractor in writing of any claim for liquidated damages or deductions pursuant to this provision at least 30 calendar days prior to the date the State withholds payment. Should approval subsequently be granted the State will reimburse the contractor for the amounts withheld.

Payment for professional services shall be separately enumerated and shall reflect the tasks as set forth in **RIDER I** and the costs attributable thereto. Invoices for professional services shall be included with the invoices for deliverables described above and are subject to the same deliverable completion requirements.

The contractor shall be paid for ongoing Professional and maintenance services in accordance with the unit costs enumerated on RIDERS F,G,H, and 1**.** Such payments shall be made monthly at the close of the service month.

All invoices shall be submitted to the state's project director at the address below, for review and approval.

Department of Health Services, MIS/DSS Procurement Project, 714 P Street, PO Box 942732, Sacramento, California 94234-7320.

c. Payment

    The State shall make every reasonable effort to pay invoices as promptly as regular State fiscal procedures permit.

d. Required Payment Date

    If the Contractor is a nonprofit organization and contract value is less then $500,000, or if the Contractor is a small business, payment is due thirty (30) days from the date the equipment, software or services are received and accepted by the State of thirty (30) days from the date a correct invoice is received in the office specified by the State, whichever is later. Payment is due to any other Contractor sixty (60) days from the date the equipment, software or services are received and accepted by the State or sixty (60) days from the date a correct invoice is received in the office specified by the State, whichever is later. When provision is made for a testing period preceding acceptance by the State, date of acceptance shall mean the date the equipment or software is accepted by the State during the specified testing period.

17. <u>Taxes</u>

The State of California is exempt from Federal excise taxes and no payment shall be made for any personal property taxes levied on the Contractor or on any taxes levied on employee wages. The State will only pay for any State or local sales or use taxes on the services rendered or equipment, parts or software supplied to the State pursuant to this contract.

18. <u>Documentation</u>

The Contractor agrees to provide to the State, as a part of this contract, the specific number of all manuals and other printed materials, and updated versions thereof, as identified in the RFP, which are necessary or useful to the State in its use of the equipment or software provided hereunder. The Contractor agrees to provide additional documentation at prices not in excess of charges made by the Contractor to its other customers for similar documentation.

19. <u>Confidentiality of Data</u>

a. All financial, statistical, personal, technical and other data information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this agreement, or which become available to the Contractor in carrying out this agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such

data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractors data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this paragraph. The Contractor shall keep confidential and not disclose to anyone other than the State, without the State's written consent, the identity of any recipient or other individual for whom claims, eligibility, managed care and encounter, provider or other managed care plan data or other information are submitted to the Contractor for use with the Software and other products and services delivered by the Contractor. The Contractor agrees to require its employees, agents and other representatives who have access to any claims data, databases and other information disclosed by the State to the Contractor to adhere to these confidentiality obligations. Subject to the aforementioned confidentiality constraints, the State acknowledges and agrees that during the term of this contract and thereafter, the Contractor is authorized to retain, use for its own purposes and disclose to any entity all aggregated claims/encounter data and other data disclosed by or on behalf of the State to it. In exchange for the contribution by the State of such data, the State shall be entitled to a waiver of the license fee for MarketScan normative data during the period of contribution. The Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is already rightfully in the Contractors possession, is independently developed by the Contractor outside the scope of this agreement, or is rightfully obtained from third parties.

State acknowledges and agrees that all Contractor products and Contractor services used or provided by Contractor under or in connection with this contract are proprietary to Contractor and title thereto shall remain the sole and exclusive property of Contractor. State shall keep all Contractor products and services confidential and shall not reproduce, duplicate, reveal, publish, transfer, or disclose any Contractor products or services to anyone other than its employees without Contractors written consent. State agrees to require all its employees, agents, and other representatives, including any insurers, servicers, consultants or other parties who (after written consent from Contractor has been received) have ongoing or intermittent access to any Contractor products or services, to adhere to these confidentiality obligations. Upon termination of this contract for any reason, State shall return or cause to be returned to Contractor within 30 days any and all information, in whatever form, which is in its possession or control, or in the possession or control of any parties who may have been afforded access to any Contractor products or Contractor services, regarding or relating to any software, operating systems, analysis systems, programs, database systems, enhanced databases or documentation related to the Contractor products.

b. Notwithstanding paragraph (a) above, the State shall retain ownership of all customized software, associated documentation, reports, and other materials developed exclusively for the State. The State shall also retain ownership of all final work products produced by the Contractor's staff under the consulting services (3,600 hours) portion of this contract; provided, however, that Contractor shall retain ownership in all proprietary methodologies used in providing such consulting services.

20. **Major Field Modifications (Not Applicable)**

21. General indemnity

The Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses, with the exception of consequential damages, accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of this contract, and from any and all claims and losses accruing or resulting to any person, firm or corporation which may be injured or damaged by the Contractor in the performance of this contract which are attributable to the negligence or intentionally tortuous acts of the Contractor provided that the Contractor is notified in writing within 30 days that the State has knowledge of such claims.

22. Patent, Copyright, and Trade Secret Protection

a. The Contractor, at its own expense, shall defend any action brought against the State to the extent that such action is based upon a claim that the equipment or software supplied by the Contractor, or the operation of such equipment pursuant to a current version of Contractor-supplied operating software, infringes a United States patent, or copyright or violates a trade secret. The Contractor shall pay those costs and damages finally awarded against the State. Nevertheless, the Contractor's responsibility to defend and pay costs and damages shall be conditioned on the following:

(1) The State notified the Contractor of the notice of action within a reasonable period of time in writing; and,

(2) That the Contractor shall have the sole control of 'the defense and all negotiations for settlement or compromise except when public policy considerations required the State, at its own expense, to participate in the claim of action.

b. Should the machines or software, or the operation thereof, become, or in the Contractor's opinion are likely to become, the subject of a claim of infringement of a United States patent, copyright or a trade secret, the State shall permit the Contractor at its option and expense either to procure for the State the right to continue using the machines or software, or to replace or modify the same so that they become non-infringing and continue to meet bid specifications. If neither of these options can reasonably be taken, or if the use of such equipment or software by the State is prevented by injunction, the Contractor will take back the equipment or software, and refund any monies the State has paid Contractor less any reasonable amount for use or damage. In addition, the Contractor will make every reasonable effort to assist the State in procuring substitute equipment or software. If, in the sole opinion of the State, the return of such infringing software makes the retention of other items of software acquired from the Contractor under this contract impractical, the State shall then have the option of terminating the contract, or applicable portions thereof, without penalty or termination charge. The Contractor will take back such

equipment or software and refund any sums the State has paid Contractor less any reasonable amount for use or damage.

c. The Contractor shall have no liability to the State under any provision of this Paragraph 22 with respect to any claim of patent, copyright, or trade secret infringement which is based upon:

(1) The combination or utilization of software machines furnished hereunder with machine or devices not made or furnished by the Contractor.

23. **Risk of Loss or Damage (Not Applicable)**

24. **Contractor's Liability for Injury to Persons or Damage to Property**

25. **Warranty (See RIDER A, Special Provisions)**

26. **Rights and Remedies of State for Default**

a. In the event any software, or service furnished by the Contractor in the performance of this contract should fail to conform to the specifications therefore, the State may reject the same, and it shall thereupon become the duty of the Contractor to reclaim and remove the same forthwith, without expense to the State, and immediately to replace all such rejected software, or service with others conforming to such specifications; provided that should the Contractor fail, neglect or refuse to do so the State shall thereupon have the right to purchase in the open market, in lieu thereof, a corresponding quantity of any such software, or service and to deduct from any moneys due or that may thereafter become due to the Contractor the difference between the price named in this contract and the actual cost thereof to the State.

b. In the event the Contractor shall fail to make prompt delivery as specified of any software, or service, the same conditions as to the rights of the State to purchase in the open market and to reimbursement set forth above shall apply, except as otherwise provided in Paragraph 31, "Force Majeure".

c. In the event of the cancellation of this contract either in whole or in part, by reason of the default or breach thereof by the Contractor, any loss or damage sustained by the State in procuring any software or service which the Contractor therein agreed to supply shall be borne and paid for by the Contractor.

d. Except for liquidated damages, the rights and remedies of the State provided above shall not be exclusive and are in addition to any other rights and remedies provided by law or under the contract.

27.   <u>Limitation of Liability</u>

a. The systems shall be under State's exclusive management and control. The State agrees that the Contractor shall not be liable for any damages caused by the State's failure to fulfill any State responsibilities of assuring the proper use, management and supervision of the programs, audit controls, operating methods, and office procedures, and for establishing all proper checkpoints necessary for the State's intended use of the programs.

b. Contractors liability for damages to the State for any cause whatsoever, and regardless of the form of action, whether in contract or in tort excluding negligence, shall be limited to the greater of $200,000 or the purchase price stated herein for the specific systems that caused the damages or that are the subject matter of or are directly related to the cause of action. In those instances where Contractor has failed to deliver systems as called for by the Contract, or systems have been returned to Contractor for failure to pass an Applicable Acceptance Test, the Limitation of Liability provided above shall not limit any right to recover the Cost to Cover.' 'Cost to Cover' means the cost of procuring a system or systems of equivalent (not greater) capability, function, and performance, less the Contractors bid price.

The foregoing limitation of liability shall not apply to the payment of costs and damage awards referred to in Paragraph 22, entitled "Patent, Copyright, and Trade Secret Protection", to claims covered by other specific provisions calling for liquidated damages or specifying a different limit of liability, or to claims for injury to persons or damage to property caused by Contractor's negligence. This limitation of liability does not apply to the receipt of court costs or attorney's fees that might be awarded by a court in addition to damages after litigation based on this contract.

c. State's liability for damages for any cause whatsoever, and regardless of the form of action whether in contract or in tort, excluding negligence, shall be limited to the greater of $200,000 or the purchase price stated herein for the specific systems that caused the damage or that are the subject matter of or are directly related to the cause of action.

d. In no event will either the Contractor or the State be liable for special, incidental, indirect or consequential damages even if notification has been given as to the possibility of such damages.

28. <u>Disputes</u>

a.   Should the Contractor's Project Manager and the State's Project Director not be able to agree on a resolution to any particular issue, an Executive Committee, made of the Contractor's Project Manager, the State's Project Director, a senior executive of the contractor and the Deputy Director, Medical Care Services for the Department will convene in person or by telephone conference call within 5 business days to resolve the issue. Either the contractors Project Manager or the State's Project Director may request the committee to convene. If the Executive Committee cannot resolve the issue, the Deputy Director Procurement Division, of the Department of General Services, or his representative, shall be available to assist in the resolution by providing advice to both parties as to the State of California EDP policies and procedures. If agreement cannot be reached through the application of high level management attention, either party may assert its other rights and remedies within this contract or within a court of competent jurisdiction.

b.   The State and the Contractor agree that, the existence of a dispute notwithstanding, they will continue without delay to carry out all their responsibilities under this contract.

29.   <u>Contractor's Power and Authority</u>

The Contractor warrants that it has full power and authority to grant the rights herein granted and will hold the State hereunder harmless from and against any loss, cost, liability, and expense (including reasonable attorney fees) arising out of any breach of this warranty. Further, Contractor avers that it will not enter into any arrangement with any third party which might abridge any rights of the State under this contract.

30. <u>Title to Equipment (Not Applicable)</u>

31. <u>Force Majeure</u>

Except for defaults of subcontractors, neither party shall be responsible for delays or failures in performance resulting from acts beyond the control of the offending party. Such acts shall include but shall not be limited to acts of God, fire, flood, earthquake, other natural disasters, nuclear accident, strike, lockout, riot, freight embargo, public regulated utility, or governmental statutes or regulations superimposed after the fact. If a delay or failure in performance by the Contractor arises out of a default of its subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for damages of such delay or failure, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule.

32. **Waiver of Breach**

No term or provision of this contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by an individual authorized to so waive or consent. Any consent by either party to, or waiver of, a breach by the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for, any other breach or subsequent breach, except as may be expressly provided in the waiver or consent.

33. **Conflict With Existing Law**

The Contractor and the State agree that if any provision of this contract is found to be illegal or unenforceable, such term or provision shall be deemed stricken and the remainder of the contract shall remain in full force and effect. Either party having knowledge of such term or provision shall promptly inform the other of the presumed non-applicability of such provision. Should the offending provision go to the heart of the contract, the contract shall be terminated in a manner commensurate with the interests of both parties, to the maximum extent reasonable.

34. **Assignment**

This contract shall not be assignable in whole or in part without written consent of the State. It is the policy of the State of California to withhold consent from proposed assignments, subcontracts, or notations when such transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the contract. The State does not normally object to the granting of assignments for financial purposes, provided that the original Contractor retains all of its responsibilities and obligations under the contract. In the event of any assignment hereunder to which the State has consented, each such assignment shall contain a provision that further assignments shall not be made to any third or subsequent party without any additional written consent of the State.

The Department retains the right to assign its rights and responsibilities under this contract to another State agency if such agency has assumed the responsibility for the program or is a successor agency.

35. **Governing Law**

This contract shall be governed by and construed in accordance with the laws of the State of California.

36. Limitation of Actions

No action, regardless of form, arising out of this contact may be brought by either party more than two years after the cause of action has arisen, or in the case of nonpayment, more than two years from the date of the last payment, except where either party (within two years after a cause of action has arisen) provides the other party in writing a notice of a potential cause of action, disclosing all material facts then known by the notifying party concerning such cause of action, then the notifying party may bring an action based on the matter so disclosed at any time prior to the expiration of four years from the time the cause of action arose.

37. Termination of Contract

a.   Upon termination or other expiration of this contract, each party will assist the other party in orderly termination of the contract and the transfer of all assets, tangible and intangible, as may facilitate the orderly, non-disrupted business continuation of each party.

b.   Prior to the completion of this contract, this contract may be terminated for the convenience of the State with 30 days notice in accordance with Title 48, Code of Federal Regulations, Part 49. All reasonable costs will be paid in accordance with Title 48, Code of Federal Regulations, Subpart 31.205-42.

c.   If the term of this contract extends into fiscal years subsequent to that in which it is approved, such continuation of the contract is subject to the appropriation of funds for such purpose by the Legislature or Congress. If funds to effect such continued payment are not appropriated, Contractor agrees to take back any affected software furnished under this contract, terminate any services supplied to the State under this contract, and relieve the State of any further obligation therefore.

d.   In the event of termination, expiration or cancellation of this agreement, Contractor's systems shall be returned to Contractor in substantially the same condition in which they were delivered to the State, subject to normal wear and tear. State further agrees to pay for packing, crafting, transportation to Contractor's nearest facility and for reimbursement to the Contractor for his expenses incurred in assisting in such packing and crating.

e.   The State may terminate this agreement under the provisions of Paragraph 26, "Rights and Remedies of State for Default".

f.   The state shall have the specific right to terminate this contract if the evaluation and acceptance testing of either the System Design called for in Section 4.6.4 of the RFP, or any phase of implementation set forth in Section 4.1.5 of the RFP, are unacceptable. This termination, if invoked, shall be effective within 10 working days of notice being delivered to the Contractor that such deliverable is unacceptable. The State will honor claims for all work documented up to and including the notice period, to the extent that such work is deemed acceptable by the State. In no event, however, shall these claims be for amounts greater than the total cost from Table 7-8 included in the bid for the Phase(s) accepted, excluding equipment and equipment/warranty as specified in Table 7-8. The State shall have the right to collect all liquidated damages owed by the Contractor up to the time of termination.

38. <u>Contractor Evaluation</u> (Not applicable)

39. <u>Assignment of Antitrust Actions</u>

The following provision of Government Code Section 4552, 4553, and 4554 (Statutes of 1978, Ch. 414) shall be applicable to the Contractor.
"In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under section 4 of the Clayton Act (15 U.S.C. sec. 15) or under the Cartwright Act [Chapter 2 (commencing with section 16700) of part 2 of division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder."

"If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery."

"Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action."

40.   <u>Covenant Against Gratuities</u>

The Contractor warrants by signing hereon that no gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor or any agent or representative of the Contractor, to any officer or employee of the State with a view toward securing the contract or securing favorable treatment with respect to any determinations concerning the performance of the contract. For breach or violation of this warranty, the State shall have the right to terminate the contract, either in whole or in part, and any loss or damage sustained by the State in procuring on the open market any items which Contractor agreed to supply shall be borne and paid for by the Contractor. The rights and remedies of the State provided in the clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the contract.

41.   <u>National Labor Relations Board Certification</u>

By signing hereon the Contractor swears under penalty of perjury that no more than one final, unappealable finding of contempt of court by a federal court has been issued against the Contractor within the immediately preceding two-year period because of the Contractors failure to comply with an order of the National Labor Relations Board. This provision is required by, and shall be construed in accordance with, Public Contract Code Section 10296.

42.   Statement of Compliance

The Contractor's signature affixed hereon and dated shall constitute a certification under the penalty of perjury under the laws of the State of California that the Contractor has, unless exempted, complied with the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.

43.   Examination and Audit

Contract and M/W/DVBE Audits

The contracting parties shall be subject to the examination and audit of the State Auditor for a period of three (3) years after final payment under the contract in accordance with Government Code Section 8546.7. The examination and audit shall be confined to those matters connected with the performance of the contract, including, but not limited to, the costs of administering the contract.

Contractor agrees that the awarding department, or its delegatee, will have the right to review, obtain, and copy all records pertaining to performance of the contract. Contractor agrees to provide the awarding department, or its delegatee, access to its premises, upon reasonable notice, during normal business hours for the purpose interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with Public Contract Code Section 10115 et seq., the Military and Veterans Code 999 et seq. and Title 2, California Code of Regulations, Section 1896.60 et seq. Contractor further agrees to maintain such records for a period of three (3) years after final payment under the contract. Nothing in this Paragraph shall require the Contractor to disclose information regarding Contractor's profits or Contractor's costs of providing products or services to the State.

44.   Drug-Free Workplace Certification

By signing this contract the Contractor or grantee hereby certifies under penalty of perjury under the laws of the State of California the Contractor or grantee will comply with the requirements of the Drug-Free Act of 1990 (Government Code Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code Section 8355(a)

b. Establish a Drug-Free Awareness Program as required by Government Code Section 8355(b) to inform employees about all of the following:

   (1) the dangers of drug abuse in the workplace;

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(2) the person's or organization's policy of maintaining a drug-free workplace;

(3) any available counseling, rehabilitation and employee assistance programs: and

(4) penalties that may be imposed upon employees for drug abuse violations.

c.   Provide, as required by Government Code Section 8355(c), that every employee who works on the proposed contract:

(1) will receive a copy of the company's drug-free policy statement; and,

(2) will agree to abide by the terms of the company's statement as a condition of employment on the contract.

Failure to comply with these requirements may result in suspension of payments under the contract or termination of the contract or both and the Contractor or grantee may be ineligible for award or any future state contracts if the department determines that any of the following has occurred: (1) the Contractor or grantee has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

45.   __Rights in Data__

All financial, statistical, personal, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this agreement, or which became available to the Contractor in carrying out this agreement, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractors data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this paragraph. The Contractor shall keep confidential and not disclose to anyone other than the State, without the State's written consent, the identity of any recipient or other individual for whom claims, eligibility, managed care and encounter, provider or other managed care plan data or other information submitted to the Contractor for use with the Software and other products and services delivered by the Contractor. The Contractor agrees to require its employees, agents and other representatives who have access to any claims data, databases and other information disclosed by the State to the Contractor to adhere to these confidentiality obligations. Subject to the aforementioned confidentiality constraints, the State acknowledges and agrees that during the term of this contract and thereafter, the Contractor is authorized to retain, use for its own purposes and disclose to any entity all aggregated claims/encounter data and other data disclosed by or on behalf of the State to it. In exchange for the contribution by the State of such data, the State shall be entitled to a waiver of the license fee for MarketScan normative data during the period of contribution. The Contractor shall not be required under

the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is already rightfully in the Contractors possession is independently developed by the Contractor outside the scope of this agreement, or is rightfully obtained from third parties.

State acknowledges and agrees that all Contractor products and Contractor services used or provided by Contractor under or in connection with this contract are proprietary to Contractor or third parties from whom Contractor licenses such products, and title thereto shall remain the sole and exclusive property of Contractor or such third parties. State shall keep all Contractor products and services confidential and shall not reproduce, duplicate, reveal, publish, transfer, or disclose any Contractor products or services to anyone other than its employees without Contractor's written consent. State agrees to require all its employees, agents, and other representatives, including any insurers, servicers, consultants or other parties who (after written consent from Contractor has been received) have ongoing or intermittent access to any Contractor products or services, to adhere to these confidentiality obligations. Upon termination of this contract for any reason, State shall return or cause to be returned to Contractor within 30 days any and all information, in whatever form, which is in its possession or control, or in the possession or control of any parties who may have been afforded access to any Contractor products or Contractor services, regarding or relating to any software, operating systems, analysis systems, programs, database systems, enhanced databases or documentation related to the Contractor products.

b. All technical communications and records originated or prepared by the Contractor pursuant to this Agreement including papers, reports, charts, computer programs, and other documentation, but not including Contractor's Administrative communications and records relating to this Agreement, shall be delivered to and shall become the exclusive property of the State and Federal government and may be copyrighted by the State and Federal government.

c. The ideas, concepts, know-how, or techniques relating to data processing, developed during the course of this Agreement by the Contractor or jointly by the Contractor and the State can be used by either party and the Federal government in any way it may deem appropriate.

d. All inventions, discoveries or improvements of the computer programs developed pursuant to this Contract, shall be the property of the State and Federal government. The State and the Federal government agree to grant a non-exclusive royalty-free license for any such invention, discovery, or improvement to the Contractor or any other such person and further agrees that the Contractor or any other such person may sub-license additional persons on the same royalty-free basis.

e. The State shall retain ownership of all customized software, associated documentation, reports, and other materials developed exclusively for the State under this Contract. The State shall also retain ownership of all final work products produced by the Contractor's staff under the consulting services (3,600 hours) portion of this contract.

f. Notwithstanding paragraphs b, c, d and e above, Contractor shall retain ownership in all proprietary methodologies used or provided under this Contract.

g. This Paragraph shall not preclude the Contractor from developing materials outside this Agreement which are competitive, irrespective of their similarity to materials which might be delivered to the State pursuant to this Agreement.

46.   Contract Extension(s)

The state has the option to extend this contract for three years, through April 16, 2004. The state must notify contractor 90 days prior to the termination of the contract (or any extension thereof) of its intent to exercise this option.   The state hereby extends the current term of this contract from April 17, 2001 to April 16, 2004, thus exercising the three-year option. Contractor waives the 90-day notice otherwise required for this extension.

RIDER A-SPECIAL PROVISIONS

1. <u>WARRANTY</u>

a. Hardware is applicable to this contract.

b. Contractor will furnish all maintenance service and parts for a period of April 17, 1997 through April 16, 2004, beginning on the first day of the successful performance period, provided that such maintenance service or parts are not required because of accident, neglect, misuse, failure of electrical power or air conditioning, humidity control, or causes other than ordinary use. Any such service required as a result of erroneous site preparation specifications furnished by the Contractor (See General Terms and Conditions, Paragraph 5) or otherwise required due to the fault or negligence of the Contractor, shall be provided by the Contractor at no additional charge. All replaced parts shall become the property of the Contractor. Prior to the expiration of the warranty period, whenever equipment is shipped for mechanical replacement purposes, the Contractor, shall bear all costs of such shipment including, but not limited to, costs of packing, transportation, rigging, drayage, and insurance. The warranty shall apply to the replacement machine beginning on the first day of the successful performance period for the replacement machine.

c. For the time period April 17, 1997 through April 16, 2004, beginning on the first day of the successful performance period, the Contractor warrants to the State that the machines are free from defects in material and workmanship. Machines designated as newly manufactured may contain some used parts which are warranted equivalent to new in performance when used in these machines. Contractor's obligation with respect to defects in material and workmanship is limited to furnishing, on an exchange basis, replacements for machine or parts which have been reported by the State as having been, in its opinion, defective and are so found by the Contractor upon inspection.

d. Service pursuant to this warranty will be furnished by the Contractor's nearest service location. The Contractor shall have prompt access to the machine to perform this service. There shall be no charge for travel expense associated with services for which the Contractor is responsible under this warranty provision.

e. The Contractor shall not be responsible for failure to render service due to causes beyond its control. When a noncontractor's control program is used and as a result the Contractor's Maintenance Diagnostic routines do not pinpoint the failure, the State shall pay for the time spent by the Contractor in diagnosing the failure at the applicable per-call rate per man-hour then in effect.

f. When Contractor is called to perform remedial maintenance service on the equipment and by mutual agreement it is determined that either no failure existed or that the service was outside the scope of the warranty as set forth in this Paragraph 2, the State shall pay for the travel

RIDER A-SPECIAL PROVISIONS (Continued)

expense and the time spent by the Contractor at the applicable per-call rate per man-hour then in effect.

g. Unless otherwise mutually agreed, the Contractor shall not be required to adjust or repair any machine or part if it would be impractical for Contractor personnel to do so because of alterations made by or on behalf of the State in the machine, or because its connection by mechanical or electrical means to another machine or device not furnished by the Contractor. Increased service pursuant to this warranty caused by any alteration or attachment shall be paid for by the State at the applicable per-call rate per man-hour then in effect, unless the Contractor elects not to apply such charge on an individual instance basis.

h. Warranty maintenance will be provided under the terms of Rider F.

2.   <u>Price Decline (Applicable to Third Party Contractors)</u>

Prices quoted shall be the maximum for the contract period subject to any price escalation provisions. However, should a price decline be announced by the manufacturer after contract award, but prior to a third party contractor taking title to the equipment and should the third party contractor be the recipient of this manufacturers price decline it shall be passed on in total to the State of California by the third party contractor. Any interest, finance, or other charges based on the contract price will be recomputed using the original bid rates and the differences will also be passed to the State in total.

3.   <u>Price Decline (Applicable to Manufacturers)</u>

Prices quoted shall be maximum for the contract period subject to any price escalation provisions. However, should a price decline be announced by the manufacturer after contract award, but prior to the State taking title to the equipment, it shall be passed on in total to the State of California by the manufacturer. Any interest, finance, or other charges based on the contract price will be recomputed using the original bid rates and the differences will also be passed to the State in total.

4.   <u>Payment</u>

Payments will be made after acceptance of the deliverables identified in Rider C and Rider 1. All phases except the Final Phase will have a 10% withhold of payment until the Final Phase acceptance, after successful completion of such, final payment will be made including all withhold costs.

5.   <u>Documentation</u>

The Contractor shall provide 10 copies of all non-proprietary manuals and other printed materials including updated versions thereof, which are useful and necessary to the State in its use of the equipment or software provided at prices listed on Rider C.

TABLE 1 & 4

RIDER B-EQUIPMENT LIST, PRICES, INSTALLATION AND ALLIED INFORMATION

New Table 1, effective 4/17/01:

RIDER B — TABLE 1. EQUIPMENT LIST, PRICES, INSTALLATION DATES AND ALLIED INFORMATION

Line No	Qty	Description, Type and/or Features	Model	Date Facility to Be Ready	Date to be Installed	Unit Purchase Price	Total Purchase Price
		New Table 1, effective 4/17/01:					
		Windows NT Server Equipment					
	1	NT Server (PAN1), incl. 791 usable GB storage, arrays, and 2GB memory		Apr-01	Jul-01	$120,000	$120,000
	1	NT Server (PAN2), incl. 56 usable GB storage, arrays and 1.1 GB memory		Apr-01	Jul-01	$30,000	$30,000
	1	NT Server (PMW1), incl 343 GB storage, arrays and 1 GB memory		Apr-01	Oct-01	$120,000	$120,000
	1	NT Server (PMW2), incl 244 GB storage, arrays and 1 GB memory		Apr-01	Jun-02	$30,000	$30,000
		S4-Related Equipment					
		Disk					
	1	Enterprise Storage Server	2105-F20	Apr-01	Jun-01	$483,840	$483,840
	1	S/390 ParallelAccess Volumes to 4 TB	1803	Apr-01	Jun-01	INCL	INCL
	10	36.4 GB Disk 8-pack	123	Apr-01	Jun-01	INCL	INCL
	1	Remote Support Switch	2715	Apr-01	Jun-01	INCL	INCL
	1	U.S. English	2924	Apr-01	Jun-01	INCL	INCL
	16	ESCON Host Adapter	3011	Apr-01	Jun-01	INCL	INCL
	1	8 GB Cache	4002	Apr-01	Jun-01	INCL	INCL
	1	Modem Country Group M01	9301	Apr-01	Jun-01	INCL	INCL
	1	Convenience Cord Country Group C01	9401	Apr-01	Jun-01	INCL	INCL
	1	2100 GB Capacity	9650	Apr-01	Jun-01	INCL	INCL
	1	Three Phase 50/60 Hz 60 Amp	9854	Apr-01	Jun-01	INCL	INCL
	1	Nominal AC Voltage: 200V-240V	9870	Apr-01	Jun-01	INCL	INCL

TABLE 1

RIDER C-SOFTWARE LIST, PRICES, DELIVERY DATES AND ALLIED INFORMATION

Line No.	Quan-tity	Software Identification	Delivery Date	Per Copy Initial Charge	Total Initial Charge
1	1	MEDSTAT Database Production Software	4/97	$500,000	$500,000
2	15	DataScan System	9/97	$195,000	$195,000
3	50	Panorama View	9/97	$113,750	$113,750
4	1	SAS	9/97	$19,807	$19,807
5	15	Panorama Ad Hoc	9/97	$66,751	$66,751
6	15	Maplnfo Professional	11/97	$4,867	$4,867

*Initial Charge represents the first year license fees for the software based on the initial configuration. Rate increases, within the fixed price contract, are contained in Schedule E.

Liquidated Damages: $500.00 per day.

TABLE 2

RIDER C-SOFTWARE LIST, PRICES, DELIVERY DATES AND ALLIED INFORMATION

Line No.	Quan-tity	Operating Software Identification	Document Containing Technical Specs. Reference and Date	Support Category	Per Copy Basic Monthly Yearly [XI Charge *	Total Basic Monthly Yearly[X] Charge * -
1	1	MEDSTAT Database Production Software		$500,000	$500,000	
1	15	DataScan System		$195,000	$195,000	
2	50	Panorama View		$113,750	$113,750	
3	1	SAS		$19,807	$19,807	
4	15	Panorama Ad Hoc		$66,751	$66,751	
5	15	Maplnfo Professional		$4,867	$4,867	

*Yearly Charge represents the first year license fees for the software based on the initial configuration. Rate increases, within the fixed price contract, are contained in Schedule E. Tables 1 and 2 completed April 16, 2001.

Annual Escalation Rate_____% (May not exceed 10 percent. Insert "0" if rates are fixed.
If a Proposer does not insert an escalation percentage (%), the State will assume no increase.)

Effective April 17, 2001.

TABLE 3

RIDER C-SOFTWARE LIST, PRICES, DELIVERY DATES AND ALLIED INFORMATION

Line No.	Quan-tity	Operating Software Identification	Document Containing Technical Specs. Reference and Date	Per Copy Basic Monthly Support Category	Total Basic Monthly Yearly [XI Charge *
1	1/1	MEDSTAT Database Production Software		$500,000	$500,000
2	15/25	Software to meet the Decision Support System (DSS) Requriements of the Contract (e.g., DataScan interactive, MyEureka!, SAS-1 server license, Performance Measurement Workstation, and MapInfo Professional-for 15 users		$477,375	$477,375
3	50/250	Software to meet the Management Information System (MIS) Requirements of the Contract (e.g., Panorama View interactive with Briefing Book)		$142,188	$142,188
4	1/1	Geographic Coding Software		$12,223	$12,223
5	1/1	Third Party Software to support NT Server Applications (Windows NT Server , IBM DB2 Universal Database for NT, ArcServeIT Advanced, St. Bernard OFM, Diskeeper, PCAnywhere, PCOMM, InterTape, Syncsort, SQL Server, Perl)		$71,618	$71,618

*Yearly Charge represents the first year license fees for the software based on the initial configuration. Rate increases, within the fixed price contract extension, are contained in Schedule E.

Annual Escalation Rate 0 % (May not exceed 10 percent. Insert "0" if rates are fixed.
If a Proposer does not insert an escalation percentage (%), the State will assume no increase).

ATTACHMENT TO RIDER C
CONTRACTOR RATES

1. Minimum monthly and extended maintenance services.

	Extended Maintenance Service* (Consecutive hours per day				
	9	12	16	20	24
Monday through Friday (Excluding holidays)	+-0-%	+-0-%	+-0-%	+-0-%	+-0-%
Saturdays	+-0-%	+-0-%	+-0-%	+-0-%	+-0-%
Sundays and Holidays	+-0-%	+-0-%	+-0-%	+-0-%	+-0-%

* Percentage increase of the minimum monthly rate shown in Rider B.

**Nine consecutive hours any part of which is outside the hours of 7:00 a.m. to 6:00 p.m.

2. Additional travel and mileage rates for service calls at dispersed geographical locations. In no case will the Contractor be paid more than the rates paid State employees. Effective April 17, 2001, Per Mile Rates are adjusted to be consistent with the current State rate.

Identification of Facility	Travel Time Allowed (I way)	Rate Per Man-Hour	Rate Per Mile***
Monday through Friday (Excluding holidays)		$322.00	$.0.31
Saturdays		$372.00	0.31
Sundays and Holidays		$372.00	0.31

3. Maintenance service outside the covered maintenance period -- minimum two hour charge per service call.

Rate Per
Man-Hour

Monday through Friday (Excluding holidays) Saturdays

Sundays and Holidays

$322.00

$372.00

$372.00

***Rates may not exceed current State rate.

RIDER D-ACCEPTANCE TESTING

GENERAL

1 . The purpose of this Rider is to set forth specific procedures and performance criteria to implement the testing required by Paragraphs 8 and 9 of the General Terms and Conditions. Because of the on-line programmatic aspects of the software, system reliability is of paramount importance, both at the host computer site and at the various remote operating locations. It is intended to ensure that the software operate in substantial accord with the Contractor's published technical specifications, that they are adequate to accomplish the tasks for which they are being acquired (meet performance specifications), and that they evidence a satisfactory level of performance reliability, prior to their acceptance by the State.

2. The Contractor shall submit an Acceptance Test Support Plan (ATSP) to the State for review
and approval no later than the close of the fifteenth week after the contract award date. The quality
assurance plan is subject to the review and approval of the State. The Contractor shall provide
written monthly status reports to the State during the implementation phase on the approved plan.

ATSP FROM CONTRACTOR

1 . The Contractor's ATSP shall describe the test support that the Contractor shall provide to the State based on the Contractor responsibilities described in this RFP Section 4 & 6. For each test described in this RFP, the Contractor resources allocated to the test shall include staffing by organizational unit, and support needs.

2. The Contractor's ATSP shall include a full description of how the Contractor shall perform and
fulfill its   backup and recovery responsibilities in compliance with all requirements of this RFP.
Acceptance Testing starts with System Design, continues through each phase of implementation, and
will also   apply to material changes, if any, throughout the life of the contract.

GENERAL REQUIREMENTS

The State shall conduct Acceptance Testing to ensure that:

1. The Contractor has correctly and completely installed the MIS/DSS.

2. The Contractor shall execute all State Acceptance Tests as directed by the State.

RIDER D-ACCEPTANCE TESTING (Continued)

3. The activities identified in this Section, at the discretion of the Department project director, be performed in whole or in part by any or all of the following:

a. Managers and / or other staff of the Department.

b. Outside consultant retained by the Department at departmental expense.

c. Internal (Department) consultant retained by the Department.

A six week period is scheduled for State Acceptance Testing. State Acceptance Testing shall follow completion of System Testing, certification by the Contractor that the MIS/DSS/DBMS is ready for Acceptance Testing, and the State review of the Contractors system test results. The Contractor shall continue to accommodate the State staff during State Acceptance Testing.

The State Acceptance Testing shall test the reporting capabilities in MIS/DSS/DBMS. Acceptance Testing shall ensure that the Contractor can produce the reports, charts, graphs, and statistical measures required of the system.

The State may continue testing the software after the assumption of operations in order to identify and ensure that state goals of accuracy, and efficiency shall be met. Upon completion of the Acceptance Testing, the Contractor shall maintain and make those test files available to State staff for Acceptance Testing of system changes during the operations period of this contact.

Each of the information system components (i.e. MIS/DSS and DBMS, including all subsequent upgrades, releases, and changes thereof / thereto and including prototypes) shall be subject to acceptance testing by the Department and final approval by the Department project director. Without reservation, the Contractor shall fully and promptly cooperate with the Department and its representatives (internal and/or external consultants) in the acceptance testing process.

The Contractor shall be solely responsible for making such changes; providing such refinements and/or upgrades; providing such software, hardware, programming, and professional and/or technical services as may be necessary to correct any deficiencies, problems, failures, incompatibilities, and/or errors identified through the Department acceptance testing process.

Acceptance Testing Tasks

A. Acceptance Testing criteria shall be defined by the State and reviewed by the Contractor.

RIDER D-ACCEPTANCE TESTING (Continued)

B. The State shall develop a detailed Acceptance Test Plan (including time frames for each task).

C. The State shall prepare comprehensive Acceptance Test cases and describe expected results. These test documents, developed from the test cases, shall be provided to the Contractor. The State shall require that most base file data be developed by the Contractor.

D. The Contractor shall develop, implement, adhere to, and maintain a verifiable quality assurance plan to ensure:

a) That the standards, programming, methodologies, techniques, safeguards, and procedures used by the Contractor are professionally sound, rigorous and complete, and thoroughly documented and verified.

b) That the Contractor performs all proper or otherwise necessary testing, verification, validation, and debugging.

E. The Contractor shall adopt, implement, verify, and document rigorous and professionally sound testing procedures, including but not limited to the following:

a) Unit and Module Testing (i.e., verify single programs).

b) Integration Testing (i.e. verify the interfaces between system parts including components, subsystems, programs, modules).

c) External Function Testing (i.e. verify external system functions).

d) Regression Testing (i.e. ensure programming changes do not degrade the system or performance).

e) System Testing (i.e., verify and validate that the system meets objectives).

f) Acceptance Testing (i.e. Validate that the systems meets all RFP specifications, functional requirements, and strategic objectives, and the Contractors technical proposal).

g) Installation Testing (i.e., validate the install ability, compatibility, and operability of the system per all RFP specifications, requirements, and strategic objectives, and the Contractor's technical proposal).

F. The Contractor shall, for the entire Acceptance Test period, as well as the Operations Period of the
contract:

a) Provide a separate test environment for Acceptance Testing purposes.

RIDER D-ACCEPTANCE TESTING (Continued)

b) Specify migration schedule for program 'fixes' from the System Test environment to the Acceptance Test environment and migrate only after State approval.

G. The Contractor shall review the State's Acceptance Test Plan and shall ready all elements of facilities, staff, software, and other resources required for State Acceptance Testing including the initialization of all files and tables prior to the start of Acceptance Testing.

H. The Contractor has performed Acceptance Testing functions as directed by the State within the time frames established by the State. The Contractor shall maintain open communication with the State during testing, and shall provide walkthroughs to State staff, on specified tests, upon request.

I. The Contractor shall deliver or make available to the State all Acceptance Test documentation, including files and reports necessary to validate test results. These materials shall be provided to the State no later than one working day following test execution. The Contractor shall provide the Department each week a list of such test documentation.

J. The Contractor shall permit the State to observe the tests, analyze results, and document any problems which are found.

K. The Contractor shall respond to, and correct, all problems identified as material by the State. Acceptance Tests shall be repeated by the Contractor until criteria defined by the State are satisfied.

ACCEPTANCE TEST STRUCTURE

1. The State shall take the primary role in the evaluation of Acceptance Testing. The Contractor shall participate in the evaluation as directed by the State. The evaluation process shall compare expected results against the actual test results.

The State reserves the right to:

a) Reduce the scope of State Acceptance Testing if the Contractor can adequately demonstrate
preparedness.

b) Expand levels of testing where the State determines additional testing is needed.

Each main category of State Acceptance Testing shall be subdivided into segments to provide for selecting tests of all elements therein as defined in the detailed Acceptance Test Plan. The main categories and related general Acceptance Test activities are described below.

        a) MIS
        b) DSS
        c) Database Management System

RIDER D-ACCEPTANCE TESTING (Continued)

SELECTED ACCEPTANCE TESTS

1. The acceptance testing activities shall, at the discretion of the Department project director, test the functionality, performance, and conformity of each system (including hardware and software) to the Contractor's technical proposal and the requirements of this RFP; test and evaluate the Contractor's adherence to the quality assurance activities required under section 5; and test any or all of the information systems against any combination or all of the following generally accepted standards for testing information systems:

    a) Load and Stress

    b) Volume Handling and Efficiency.

    c) Configuration

    d) Compatibility, including compatibility with the Department WAN/LAN, The Department workstations, network and client-level operating systems, LAN architecture and topology, network protocols and other operating systems.

    e) Security

2. Performance (e.g. Speed, response times, and refresh rate; printing times; error-free operation).

ACCEPTANCE TEST EVALUATION RESPONSE

Each problem identified by the State shall be described in a System Variance Report which shall be assigned and logged using unique control numbers for reference.

RIDER E-FINANCIAL SCHEDULES
Financial Summary of the Contract by Phase and Fiscal Year

Fiscal Year 1996-1997 Cost Schedule					
Phase	Deliverables	Software	Training	Personnel	Other Cost
1	Implementation plan			$979,191.29	
	Requirements Definition			$863,992.31	
	System Specification			$863,992.32	
	Quality Assurance Plan			$172,798.46	
	Acceptable Phase Completion	$262,379.59	$3,600.00		$174,897.50
	Total 1996-1997	**$262,379.59**	**$3,600.00**	**$2,879,974.38**	**$174,897.50**

Fiscal Year 1997-1998 Cost Schedule					
1	System Design, inc Database			$617,137.37	
	Program Design & Development			$1,028,562.28	
	Disaster Mitigation Plan			$205,712.46	
	System Test			$822,849.82	
	Acceptable Phase Completion	$262,379.59	$3,600.00	$205,712.46	$174,897.50
	Phase 1 Dispute Resolution			$600,000.00	
	Phase 1 Sub-Total	$262,379.59	$3,600,00	$3,479,974.39	$174,897.50
2	System Design, inc Database			$913,630.75	
	Program Design & Development			$1,218,174.34	
	System Test			$609,087.17	
	Acceptable Phase Completion	$562,676.33	$67,600.00	$304,543.58	$202,735.00
	Phase 2 Sub-Total	$562,676.33	$67,600.00	$3,045,435.84	$202,735.00
3	Maintenance & Admin. Plan	$62,045.70		$514,688.14	$10,680.90
	System Design, inc Database	$93,068.55		$772,032.21	$16,021.35
	Program Design & Development	$93,068.55		$772,032.21	$16,021.35
	System Test	$62,045.70		$514,688.14	$10,680.90

RIDER E-FINANCIAL SCHEDULES-Continued

Phase	Deliverables	Software	Training	Personnel	Other Cost
	Acceptable Phase Completion	$400,711.82	$152,240.00		$77,139.83
	Phase 3 Sub-Total	$710,940 .32	$152,240.00	$2,573,440.70	$130,544.33
	Total 1997-1998	**$1,535,996.24**	**$223,440.00**	**$9,098,850.93**	**$508,176.83**

Fiscal Year 1998 - 1999 Cost Schedule

Phase	Deliverables	Software	Training	Personnel	Other Cost
3	Acceptable Phase Completion	$258,523.75	$55,360.00	$935,796.61	$47,470.67
	IR #1014			$626,478.00	
	Phase 3 Sub-Total	$258,523.75	$55,360.00	$1,562,274.61	$47,470.67
4	System Design, inc Database	$58,581.78		$745,737.81	$13,611.94
	Program Design & Development	$93,730.85		$1,193,180.50	$21,779.10
	System Test	$60,925.05		$775,567.33	$14,156.42
	Acceptable Phase Completion	$567,852.71	$130,000.00	$268,465.61	$71,447.55
	Phase 4 Sub-Total	$781,090.39	$130,000.00	$2.982,951.25	$120,995.01
5	System Design, inc Database	$133,734.64		$405,477.44	$21,393.69
	Program Design & Development	$213,975.42		$648,763.90	$34,229.90
	System Test	$187,228.50		$567,668.41	$29,951.17
	Acceptable Phase Completion		$52,000.00		
	Phase 5 Sub-Total	$534,938.56	$52,000.00	$1,621,909.75	$85,574.76
	Total 1998 -1999	**$1,574,552.69**	**$237,360.00**	**$6,167,135.61**	**$254,040.43**

Fiscal Year 1999 - 2000 Cost Schedule

Phase	Deliverables	Software	Training	Personnel	Other Cost
5	Phase 5 Completion & Acceptance	$786,674.35	$78,000.00	$2,385,161.40	$125,845.24
	IR's for agreed upon work			$697,481.62	
	IR's Fiscal Forcasting Dental Table			$464,436.00	
	Phase 5 Sub-Total	$786,674.35	$78,000.00	$3,547,079.02	$125,845.24
6	Monthly On-Going Operations*	$775,846.54	$23,200.00	$1,324,996.01	$133,083.20
	Total 1999 - 2000	**$1,562,520.89**	**$101,200.00**	**$4,872,075.03**	**$258,928.44**

Fiscal Year 2000 - 2001 Cost Schedule

6	Monthly On-Going Operations**	$1,047,392.82	$31,320.00	$1,788,744.61	$179,662.32
	Turnover Work Plan	$69,826.19	$2,088.00	$119,249.64	$11,977.49
	Acceptable Phase Completion	$46,550.79	$1,392.00	$79,499.76	$7,984.99
	Total 2000 – 2001	**$1,163,769.80**	**$34,800.00**	**$1,987,494.01**	**$199,624.80**
	Contract Totals $33,100,808.16	$6,099,219.21	$600,400.00	$25,006,129.96	$1,395,668.00

*Represents seven months of operations to be billed monthly.
**Represents nine months of operations to be billed monthly
Completed April 16, 2001.

RIDER E-FINANCIAL SCHEDULES-Continued

Amendment to Rider Effective 4/17/2001:

Phase	Deliverables	Software	Training	Personnel	Other Cost	Total
Fiscal Year 2000/2001 Cost Schedule						
6	Monthly On-Going Operations (4/17/01 - 6/30/01, billed monthly for prorated monthly portion)	$247,366	$34,944	$760,608	$76,093	$1,119,012
6	Hardware				$783,840	$783,840
	Additional Rider I for Unanticipated Tasks			$100,000		$100,000
	Total 2000/2001	**$247,366**	**$34,944**	**$860,608**	**$859,933**	**$2,002,852**
Fiscal Year 2001/2002 Cost Schedule						
6	Monthly On-Going Operations (billed monthly for prorated monthly portion)	$1,203,404	$170,000	$3,700,256	$370,181	$5,443,841
	System Design DB2 History Bases			$10,407	$759	$11,167
	Acceptable Completion DB2 History Bases			$10,407	$759	$11,167
	On-Going Operations DB2 History Bases (billed monthly effective 8/17/01)			$46,600	$3,400	$50,000
	System Design Panorama 48 Months			$5,204	$380	$5,583
	Acceptable Completion Panorama 48 Months			$5,204	$380	$5,583
	On-Going Operations Panorama 48 Months (billed monthly for prorated monthly portion effective 8/17/01)			$23,300	$1,700	$25,000
	System Design Expand Briefing Book			$14,498	$1,058	$15,556
	Acceptable Completion Expand Briefing Book			$14,498	$1,058	$15,556
	On-Going Operations Expand Briefing Book (billed monthly for prorated monthly portion effective 11/17/01)			$27,183	$1,983	$29,167
	Additional Rider I for Unanticipated Tasks			$300,000		$300,000
	Total 2001/2002	**$1,203,404**	**$170,000**	**$4,157,557**	**$381,658**	**$5,912,619**

RIDER E-FINANCIAL SCHEDULES-Continued

Fiscal Year 2002/2003 Cost Schedule						
6	Monthly On-Going Operations (billed monthly for prorated monthly portion)	$1,203,404	$170,000	$3,700,256	$370,181	$5,443,841
	On-Going Operations DB2 History Bases (billed monthly)			$55,920	$4,080	$60,000
	On-Going Operations Panorama 48 Months (billed monthly)			$27,960	$2,040	$30,000
	On-Going Operations Expand Briefing Book (billed monthly)			$46,600	$3,400	$50,000
	Additional Rider I for Unanticipated Tasks			$300,000		$300,000
	Total 2002/2003	**$1,203,404**	**$170,000**	**$4,130,736**	**$379,701**	**$5,883,841**

Fiscal Year 2003/2004 Cost Schedule						
6	Monthly On-Going Operations (billed monthly for prorated monthly portion through 4/16/2004)	$956,037	$135,056	$2,939,648	$294,088	$4,324,829
	On-Going Operations DB2 History Bases (billed monthly)			$44,425	$3,241	$47,667
	On-Going Operations Panorama 48 Months (billed monthly)			$22,213	$1,621	$23,833
	On-Going Operations Expand Briefing Book (billed monthly)			$37,021	$2,701	$39,722
	Additional Rider I for Unanticipated Tasks			$300,000		$300,000
	Total 2003/2004	**$956,037**	**$135,056**	**$3,343,307**	**$301,652**	**$4,736,052**
	Contract Sub-Total 3 Year Extension (4/17/01 - 4/16/04)	**$3,610,211**	**$510,000**	**$12,492,209**	**$1,922,944**	**$18,535,364**

Contract Total for all years $51,636,172.16

* The total amount listed for on-going operations will be divided by the amount of months identified in Rider E for each Fiscal Year and billed monthly to the Department (prorated monthly amounts for FY's 2000/2001 and 2003/2004).

RIDER F-MAINTENANCE PROVISIONS

(The first ten sections of this Rider apply only to equipment and are therefore not included in this contract)

1.   **General**

2.   **Termination**

3.   **Exclusions**

4.   **Responsibilities of the Contractor**

5.   **Responsibilities of the State**

6.   **Maintenance Coverage**

7.   **Maintenance Credit for Inoperative Machines**

8.   **Engineering Changes**

9.   **Relocation of Equipment**

10.   **Maintenance Charm**

11.   **Software Maintenance**

a. Types of Service

(1) Category I Service-When Category I Service is specified, Contractor will provide a central service location which will accept documentation, in a format prescribed by Contractor, indicating that a problem is caused by a defect in the program. Contractor will respond to a defect in the current unaltered release of the program by issuing: defect correction information such as correction documentation, corrected code, or notice of availability of corrected code, or a restriction or a bypass. Unless Category 11 service is also specified for the program, the State shall be responsible for the preparation and submission of documentation to the central service.

(2) Category 11 Service-When Category 11 Service is specified and a problem occurs which the State determines is caused by the use of a program and the diagnosis of the designated Contractor representative indicates the problem is caused by a defect in the unaltered portion

RIDER F-MAINTENANCE PROVISIONS (Continued)

of a current release of the program, the Contractor representative will perform the following problem resolution activities:

(a) attempting to correct or bypass the defect by providing the State with correction information issued by the central service, if available, or

(b) assisting the State with preparing documentation for submission to the central service, if specified as available; and, in any event

(c) if the program inoperable, making a reasonable attempt to resolve the problem by assisting the State in applying a local fix or providing a bypass.

(3) Category III Service-When Category III Service is specified and the State encounters a problem, which the State diagnosis indicates is caused by a defect in the unaltered portion of a current release of the program, the State may request Contractor assistance in resolving the problem. Such assistance, if requested, will be provided by a designated Contractor representative and may be subject to the availability of personnel. This assistance may include, but not extend beyond, the following problem resolution activities:

(a) attempting to correct or bypass the defect by providing the State with correction information issued by the central service, if available; or

(b) assisting the State with preparing documentation for submission to the central service, if specified as available; and, in any event

(c) if the program is inoperable, making a reasonable attempt to resolve the problem by assisting the State in applying a local fix or providing a bypass.

(4) Other types of Program services may be specified by Contractor and designated in Rider C.

(5) Although the Contractor shall make every reasonable effort to correct errors, Contractor does not guarantee service results or represent or warrant that all errors or program defects will be corrected.

b. Charges

(1) Category I and Category II Services shall be provided at no additional charges to the State. Category III Service shall be provided to the State at the rates shown in Attachment to Rider C.

RIDER F-MAINTENANCE PROVISIONS (Continued)

(2) Contractor shall also have the right to charge for any additional effort which results from providing program services for an altered program or a release which is not current. Such charge(s) will be at the Contractor's then current rates.

RIDER G-SOFTWARE LICENSE

1. License Grant

a. Contractor hereby grants to the State and the State hereby accepts from Contractor, subject to the terms and conditions of this Rider, a nonexclusive, nontransferable object code license to use the Software Products listed in Rider B and C and further described in Contractors technical specifications (hereinafter referred to as "Software Products"), The State shall be obligated to use the most current major release of the base Software Product or the major release immediately prior thereto. Contractor shall have no obligation of maintenance or support for any other versions. Major releases for these purposes shall mean any significant new functionality to the base Software Product. The Contractor, in the course of its regular business, may develop or acquire new software products and make available a new combination of software products to the State. Prior to starting implementation work, if the State concludes in writing that the new combination of software product(s) meet the requirements of the MIS/DSS as outlined in the RFP and subsequent contract deliverables and is willing to fund the implementation cost of the changes, the contractor may substitute the new combination of product(s) for the software components currently licensed to the State and specifically listed in Rider C. Implementation costs associated with the substitution are not included in the software license costs listed in Rider C.

b. The license granted above authorizes the State to use the Software Products in machine-readable form on the computer system located at the Health and Welfare Data Center. Said computer system and its associated units (collectively referred to as "CPU") are designated as S390 CMOS Sysplex, provided that if the CPU is inoperative due to malfunction, the license herein granted shall be temporarily extended to authorize the State to use the Software Products, in machine-readable form, on any other State CPU until the designated CPU is returned to operation. By prior written notice, the State may redesignate the CPU on which the Software Products are to be used. The redesignation will be effective upon the date specified in the notice of redesignation.

c. The State may use the Software Products in the conduct of its own business, and any division thereof.

d. The State agrees that the Software Products licensed under this Agreement shall be delivered to it in object code form only. During the term of the license granted hereunder, Contractor agrees to deposit with its Escrow Agent one copy of the source code and associated documentation for the version of the Software being used by the State. The Escrow Agent shall hold such source code and associated documentation in accordance with an escrow agreement that is consistent with this Paragraph d and that provides, upon the occurrence of any one or more of the following events (the "Release Events"), for the release to State of the version of such source code and associated documentation that is current as of the time of such Release Event: (1) the adjudication of bankruptcy of Contractor; (ii) the termination of Contractor's business operations for a period of sixty (60) consecutive days as a result of insolvency; (iii) an assignment by Contractor of all its assets for the benefit of its creditors; (iv) the appointment of a receiver with respect to all or substantially all of Contractor's assets; (v) Contractor, whether directly or through a successor or affiliate, ceases to be in the Software business-, or (vi) Contractor discontinues supporting or makes a business decision not to maintain the current major release of the base Software Product and the major release immediately prior thereto.

RIDER G-SOFTWARE LICENSE (Continued)

State's rights under this Paragraph d shall immediately and forever cease upon the termination of this Rider or the licenses granted herein. Any right of State to request the release of source code and associated documentation to State upon the occurrence of a Release Event shall expire ninety (90) days after the Contractor notifies the State of the occurrence of such Release Event. Contractor and State agree that Contractor shall bear the normal, ongoing annual fees and expenses incurred each calendar year related to the escrow of source code and associated documentation pursuant to this Paragraph d, and State and Contractor shall bear equally all other fees and expenses charged by the Escrow Agent in connection with this Paragraph d, except that State shall bear all fees and expenses related to the release of source code and associated documentation pursuant to this Paragraph d.

In the event that State obtains the source code and associated documentation pursuant to this Paragraph d, it shall be deemed to be licensed to the same extent as, and on the same terms as, the object code version of the Software is licensed to State pursuant to this Rider, except that (a) State shall have no right to sublicense any of the source code or associated documentation, (b) State shall use the source code and associated documentation solely to maintain the object code versions of the Software that it is licensed to use hereunder, and (c) State shall make no more than two copies of the source code and associated documentation, each of which shall be for backup or archival purposes only. State shall only be entitled to use such source code and associated documentation during the term of the license granted herein.

The source code and associated documentation shall be used by the Department to maintain the Software and shall be subject to every restriction on use set forth in this Agreement. The Department agrees not to disclose the source code and associated documentation to third parties except on a need-to-know basis, and provided that a source code Nondisclosure Agreement in a form acceptable to Contractor is executed by such third party in advance under an appropriate duty of confidentiality.

e. The Contractor agrees that in recognition of the significant role of the Federal Government in the funding of this contract, the rights associated with this software license shall be extended to the Health Care Financing Administration of the Department of Health and Human Services as if they were a named party to this contract.

2. <u>Maintenance</u>

a. The correction of any residual errors in any Software Products which may be discovered by Contractor or by the State will be considered maintenance. Such maintenance will be performed by Contractor without additional charge for twelve (12) months after installation. Suspected

RIDER G-SOFTWARE LICENSE (Continued)

errors discovered by the State in the Software Products will be handled by the following procedure:

> (1) A listing of the output and a copy or the identical input data in machine-readable form will be submitted to the Contractor, along with a complete copy of the appropriate Contractor information form and a listing of the contents of pertinent portions of the main memory of the CPU at the time the error condition was noted.

> (2) Errors in Software Products as verified by Contractor will be corrected by providing a new copy of said Software Products (or of the affected portions) in machine-readable form.

> (3) The Contractor shall attempt to correct Software Product errors within a reasonable time.

b. Contractor will be available to assist the State in isolating and correcting error conditions caused by the State's particular hardware or operating system at rates listed in Attachment to Rider C.

c. If Contractor is called upon by the State to correct an error by State negligence, modification by State, State supplied data, machine or operator failure, or due to any other cause not inherent in the original Software Products, Contractor reserves the right to charge State for such services on a time and material basis at rates listed in Attachment to Rider C.

3.   Right to Copy or Modify

a. Any Software Product provided by Contractor in machine readable form may be copied, in whole or in part, in any of the following circumstances:

(1) For use by the State with the designed CPU;

(2) For use by the State to perform one-time benchmark tests;

(3) For archival or emergency restart purposes;

(4) For replacement of worn copies;

RIDER G-SOFTWARE LICENSE (Continued)

(5) For the comprehension of machine-readable, material; and

(6) For modification of Software projects as provided below.

b. Not withstanding section (a) above, the State agrees that no more than three printed copies and five-machine readable copies will be in existence under this agreement at any one time without prior written consent from the Contractor. Moreover, the original Software Product and any copies, in whole or in part, which are made under this agreement shall be the property of the Contractor. For its part, the Contractor agrees that consent to make copies will not be unreasonably withheld.

c. The State agrees to keep the original Software Product and its copies at a mutually designated State location. The Contractor agrees that the State may transport or transmit a copy of the original Software Product to another State location when required by CPU malfunction, provided the copy is later destroyed or returned to the designated State location when the malfunction has been corrected.

4.   Protection of Software Product

a. State agrees that all materials furnished hereunder, appropriately marked or identified as proprietary, are provided for the State's exclusive use and will be held in confidence. All proprietary data, software, manuals, documentation, techniques and processes, shall remain the property of the Contractor. The State will not provide or otherwise make available any Software Product or program materials in any form without Contractor's prior written consent except to State employees, Contractor employees or other persons during the period they are on the State's premises for purposes specifically related to the State's use of the program; provided, however, that such "other persons" must first sign a confidentiality agreement to which Contractor is a party in a form acceptable to Contractor or, in the case of individual consultants/independent contractors, must otherwise agree to be bound by confidentiality obligations enforceable by Contractor that are no less restrictive than those set forth herein protecting Contractor's Proprietary and/or confidential products and services.

b. The State will insure, prior to disposing of any media, that any licensed materials contained thereon have been erased or otherwise destroyed.

RIDER G-SOFTWARE LICENSE (Continued)

c. The State agrees that it will take appropriate action by instruction, agreement, or otherwise with its employees or other persons permitted access to licensed programs and/or optional materials to satisfy its obligations under this Rider with respect to use, copying, modification and protection and security of licensed programs and optional materials.

5. Termination

a. The State may terminate this Rider in its entirety, without penalty, upon thirty (30) days prior written notice to the Contractor.

b. Within fifteen (15) days after cancellation or termination of this Rider, for whatever cause, State agrees to certify to Contractor in writing that the original and all copies, in whole or in part, in any form including partial copies, and modifications of any Software Product subject to this Rider, have been destroyed. However, upon written notification to the Contractor, the State may retain a copy for archive purposes only.

c. If this Rider shall be terminated as to certain, but not all, Software Products, the State will certify to Contractor in writing that the original and all copies, in whole or in part, in any form, have been destroyed.

6. Future Releases

If improved versions of this Software Product are developed by the Contractor (other than those described in Contractor's technical specifications), and are made available to other licensees, they will be made available to the State at the State's option provided such versions are operable on the same computer configuration.

7. Representations and Covenants

A. Trademarks. During the term of the Agreement and thereafter, State agrees not to use the mark MEDSTATO, Panorama I'm, DataScan(D or any other mark owned by Contractor, alone or with other wording and designs, or any mark similar thereto, in connection with any goods or services identical, related or similar to the Software without Contractor's written approval. State shall not modify or delete the service mark MEDSTAT, Panorama, DataScan or any other proprietary legend placed by Contractor on any of the Software or Documentation.

RIDER G-SOFTWARE LICENSE (Continued)

8.   **Limited Warranty**

A. Warranty and Repair Obligations. Contractor warrants that, to its knowledge, the Software contains no material errors and that it will perform substantially in compliance with the Documentation. In the event the Software does not so perform, Contractor shall use all reasonable efforts to correct and/or modify the Software to bring it into substantial compliance. The foregoing warranty is in lieu of all other warranties expressed, or implied, except those specifically stated in this Rider, including but not limited to, the implied warranties of merchantability and fitness for a particular purpose.

AMENDMENT TO CONTRACT NO. 96-27021

This Amendment to Contract No. 96-27021 (this "Amendment") is made effective June 1, 1999 by and between THE STATE OF CALIFORNIA DEPARTMENT OF HEALTH SERVICES (the "State") and THE MEDSTAT GROUP, INC. ("Contractor").   This Amendment amends Contract No. 96-27021 dated April 17, 1997 by and between the State and MEDSTAT (as amended, the "Agreement").

The parties hereby amend the Agreement to add the following as a new Section 9 to Rider G, together with the schedules and exhibits referenced therein and made a part of Rider G:

9.   **Sublicenses to Non-Employee Users.**

A. In consideration of the sublicense fee identified in Schedule A to this Rider G, Contractor grants to the State the nonexclusive and nontransferable right during the term of this Contract to sublicense, on an annual basis, certain of the Software, related databases and related documentation (collectively, the "Software") to the following non-employee users pursuant to a sublicense agreement in the form attached hereto as Schedule B, together with such revisions as Contractor shall reasonably request from time to time (a "Sublicense Agreement"):

California Medical Assistance Commission
California Department of Mental Health
California Department of Finance
California Legislative Analyst Office
Fiscal and Health Policy Committees of the California Legislature

Paragraph 9A completed April 16, 2001.

B. Sublicenses to Non-Employee Users (Effective April 17, 2001)

Consistent with and in consideration of the fees and quantity identified in Table 3 of Rider C Schedule A 1 of Rider G, Contractor grants to the State the nonexclusive and nontransferable right during the term of this Contract to sublicense certain of the Software, related databases

and related documentation (collectively, the "Software") to the following non-employee users pursuant to a sublicense agreement in the form attached hereto as Schedule B, together with such revisions as Contractor shall reasonably request from time to time (a "Sublicense Agreement"):

California Medical Assistance Commission
California Department of Mental Health
California Department of Finance
California Legislative Analyst Office
Fiscal and Health Policy Committees of the California Legislature
Health Care Financing Administration's (HCFA) Regional Office
California Health and Human Services Agency
Any other California state agency agreed upon by the Department

C. The State may not sublicense the software to other non-employee users without the prior written consent of Contractor. Any attempt to grant a sublicense without such prior written consent shall be null and void.

With respect to each sublicense that is granted, the State shall do all of the following:

(a) deliver to Contractor a duly executed Sublicense Agreement between the State and the non-employee user, and with such changes thereto as Contractor may reasonably request from time to time;
(b) maintain such sublicense agreement in effect during the term of such sublicense;
(c) pay the Contractor the applicable sublicense fee(s) identified in Schedule A hereto or as may otherwise be agreed to in writing between the State and Contractor.

With respect to each sublicense that is granted, the Contractor shall do all of the following:

(a) deliver to each sublicensee one set of media containing the Software that was approved for sublicense to the non-employee user.

The Software, media, and all copies thereof, shall at all times remain the property of Contractor.

The Sublicense Agreements shall terminate upon termination of this Contract or upon breach thereof.

The State agrees to immediately notifiy Contractor in writing in the event that the State becomes aware of a breach by a non-employee users of its Sublicense Agreement with the State and agrees to enforce the obligations thereunder. The State also agrees to immediately

notify Contractor in writing of any requests made pursuant to the Freedom of Information Act or the California Public Records Act that would seek the inspection, copying, release or disclosure of any of the materials, documentation, information, software or other products, services or deliverables ("Confidential Information") provided under the Agreement or any Sublicense Agreement, and to preserve the proprietary, confidential, intellectual property and/or trade secret status of such Confidential Information. Upon learning of such request, the State agrees to assert, if applicable or permissible, and to support and not contest or oppose the assertion by Contractor of, any privilege or exemption from disclosure relative to such Confidential Information under applicable federal or state law or regulation, including without limitation provisions of the California Evidence Code, and privacy and trade secrets acts.

Except as amended hereby, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized representatives effective the date set forth above.

STATE OF CALIFORNIA   DEPARTMENT OF HEALTH SERVICES MIS/DSS
HEALTH AND HUMAN SERVICES AGENCY   The MEDSTAT Group 96-27021-A05

RIDER G-SOFTWARE LICENSE (Continued)

Schedule A
__Sublicense Fees and Payment Terms__

Sublicense fees apply to the following Software, including related database(s) licensed by Contractor to the State under the Contract:

A. MEDSTAT Panorama® View.
B.   DataScan®, with or without MyEureka!
C.   MEDSTAT Performance Measurement Workstation™

Sublicense fees are as follows:

> For Sublicense Agreements with (i) California Medical Assistance Commission, (ii) California Department of Mental Health, (iii) California Department of Finance, (iv) California Legislative Analyst Office and (v) Fiscal and Health Policy Committees of the California Legislature.

> a) $50,000 in the aggregate, for Sublicense Agreements with the above five entities, per contract year (or portion thereof) for any combination of (i) the number of employee end-users and (ii) the number of licensed Software products, not to exceed a total of 15. Additional fees will be charged and due and payable by the State for the number of additional employee end-users and licensed Software products in combination exceeding 15.

2. For Sublicense Agreements with any entity/department/office/agency ("Entity") of the State of California system not specified in (1) above:

    a) $50,000 per Sublicense Agreement contract year (or portion thereof) per Entity for any combination of (I) the number of employee end-users and (ii) the number of licensed Software products, not to exceed a total of 5. Additional fees will be charged and due and payable by the State for the number of additional employee end-users and licensed Software products in combination exceeding 5.

3. Sublicense fees above do not include any right or fee for access or use by non-employee end-users of the State; Contractor's prior written consent to such access must be granted by Contractor and, if granted, will be at additional charge and will require additional documentation.

4. Receipt by Contractor of an executed Sublicense Agreement and required Sublicense fees are a condition to Contractor's services obligations related to any Sublicense Agreement.

5. Charges for services outside the scope of services included in the base sublicense fee as described in Exhibit B of Schedule B are at additional charge, and shall be billed as incurred and due and payable on net- 60 day terms.

6. All amounts are subject to the invoice and payment provisions as outlined in Rider I of the original contract.

RIDER G-SOFTWARE LICENSE (Continued)

7. The State acknowledges that access and use of the Software by any Entity(ies) may cause or result in performance issues under the Contract, given the shared or additional rights of access/use to/ of the databases and servers by the State and such Entities. In terms of number of users, "additional use" must exceed one or more of the following:

    1) The Decision Support System (DSS) comprised of DataScan, MyEureka!, PMW, and SAS will support 75 users, 15 of which are simultaneous/concurrent
    2) The Management Information System (MIS) comprised of Panorama View, will support 200 users, 50 of which are simultaneous/concurrent, 25 of which are actively querying the database

    Accordingly, the State waives any Contractor failure to comply with performance obligations under the Contract to the extent they arise from the additional rights of use or access granted by this Rider G. Further, any additional hardware or operating software that is necessary to accommodate the additional rights of access and use authorized by this Rider G will be at the State's sole cost.

    Schedule A completed April 16, 2001

RIDER G-SOFTWARE LICENSE (Continued)

Schedule A1 (Effective April 17, 2001)

Sublicense Terms

1. Sublicense agreements apply to software identified in Table 3 of Rider C, including related database(s) licensed by Contractor to the State under the Contract.

2. Receipt by Contractor of an executed Sublicense Agreement is a condition to Contractor's services obligations related to any Sublicense Agreement.

3. Charges for services outside the scope of services included in the base sublicense fee as described in Exhibit B of Schedule B are at additonal charge.

4. The State acknowledges that access and use of the Software by any Entity(ies) may cuase or result in performance issues under the Contract, given the shared or additional rights of access/use to/ of the databases and servers by the State and such Entities. In terms of number of users, "additional use" must exceed one or more of the following:

    A. The Decision Support System (DSS) will support 125 users, 15 of which are simultaneous/concurrent.

    B. The Management Information System (MIS) will support 250 users, 50 of which are simultaneous/concurrent, 25 of which are actively querying the database.

    Accordingly, the State waives any Contractor failure to comply with performance obligations under the Contract to the extent they arise from the additional rights of use or access granted by this Rider G. Further, any additional hardware or operating software that is necessary to accommodate the additional rights of access and use authorized by this Rider G will be at the State's sole cost.

RIDER G-SOFTWARE LICENSE (Continued)

Schedule B

Sublicense Agreement

This Sublicense Agreement (this "Agreement") is dated effective _____, _____ by and between THE STATE OF CALIFORNIA DEPARTMENT OF HEALTH SERVICES ("Sublicensor") whose address is _____ and _____ ("Sublicensee") whose address is _____.

In consideration of the covenants and conditions set forth in this Agreement, Sublicensor and Sublicensee hereby agree as follows:

1. ***Definitions***.

    a) "Licensed Facility" means the Sublicensee's facility or site described in Exhibit A.

    b) "Software" means the software described in Section 2 below and all other data (except for Sublicensor Data), databases, software, reports, analyses, studies, operating systems, application programs and database systems, together with all related specifications, documentation, methodologies, applications, techniques, ideas and formulas, all enhancements, formatting and modifications thereto and all other information and trade secrets used, developed, licensed or provided by MEDSTAT to Sublicensor for sublicensing to Sublicensee under this Agreement.

    c) "Sublicensor Data" means any and all claims, eligibility, absenteeism, clinical and other similar health care data and information in the original form submitted by or on behalf of Sublicensor to MEDSTAT for use in or with the Software.

    d) "Third Party Licensor" means any third party vendor from whom MEDSTAT has acquired, or may acquire the right to license, sublicense or distribute software, data, documentation or other information for use in or in connection with the Software.

    e) "Update" means any maintenance releases, updated information or other improvements to existing Software functionality that MEDSTAT generally provides at no additional cost to its customers.

    f) "Upgrade" means a substantial improvement in the Software, including but not limited to (1) the addition by MEDSTAT of modules to the Software, (2) other substantial changes in functionality made by MEDSTAT pursuant to new version releases that are not Updates, pursuant to platform migrations or otherwise, or (3) changes to Software databases. The determination as to whether an improvement or change is an Update or Upgrade shall be made by MEDSTAT in its sole discretion.

    g) "Workstation" means a single microcomputer, computer terminal or network station that can be used or controlled by only one person at a time.

2. ***Sublicense Grant and Right of Use.***

    a) Subject to the terms and conditions set forth in this Agreement, Sublicensor hereby grants to Sublicensee a non-exclusive, non-transferable license to use the software and databases specified in Exhibit B and related technical and user documentation (collectively, the "Software"), only on the terms and conditions specified herein (the "Sublicense").

    b) Sublicensee is allowed to use the Software solely in a Workstation approved by Sublicensor located at the Licensed Facility designated in Exhibit A. Sublicensee hereby represents and warrants that it will only use the Software, the information contained therein and results generated therefrom for lawful purposes and that it has all necessary approvals and is solely responsible for complying with all applicable federal, state and local laws and regulations in connection with such use.

    c) The Sublicense is for the sole purpose of Sublicensee's internal use during the term of this Agreement and not for use, sale, access or distribution outside Sublicensee; for use solely within the United States; for use solely at the Licensed Facility and for the number of Users, Workstations, Covered Lives and Servers designated in Exhibit A; and for only the machine readable object code version of the Software and not for the source code or related programmer documentation. If the number of Workstations is not specified, then Sublicensee is authorized to use the Software on only one (1) Workstation.

    d) All Documentation shall be used only in support of the authorized use of the Software.

    e) The Sublicense includes Updates and Upgrades that the State receives under the Contract. Sublicensee shall, however, be obligated to use the most current major release of the Software or the major release immediately prior thereto, and to pay the required sublicense fees therefor.

    f) Sublicensee may make one copy of the Software for archival or backup purposes only. No other copies shall be made without MEDSTAT's prior written consent. Sublicensee shall not remove, alter or destroy any form of copyright notice, proprietary marking or confidential legend placed upon or contained within the Software. All such notices, markings and legends must be included or reproduced on or in any copies made. Sublicensee may not copy the Documentation.

    g) Sublicensee may display and print out formats, results and text to support its internal use of the Software.   Aggregated and/or summary results may be disseminated to third parties, provided Sublicensee includes the following notice thereon:

        Results/reports/output generated with use of The MEDSTAT Group, Inc.'s System/Software. MEDSTAT disclaims all liability resulting from or arising out of the use of such results/reports/output.

    h) Sublicensee shall provide all hardware and non-MEDSTAT software required to use the Software in conformity with specifications therefor, as may be revised from time

        to time. Sublicensee shall accept sole responsibility for compliance with such requirements and the cost thereof. Sublicensee acknowledges that those requirements may change from time to time by written notice from MEDSTAT to Sublicensor and, in turn, from Sublicensor to Sublicensee, including in connection with Updates and Upgrades.

    i) Certain services as specified in Exhibit B are included as part of the Sublicense fee. Any additional services are at additional charge.

3. ***Origin.*** The Software is to be supplied to Sublicensee by Sublicensor. Pursuant to Contract No.96-27021 dated April 17, 1997 (the "Contract") between Sublicensor and The MEDSTAT Group, Inc., a Delaware corporation ("MEDSTAT"), Sublicensor has acquired from MEDSTAT the right to sublicense the Software to Sublicensee. The payment of any fees in conjunction with the sublicense of the Software from Sublicensor to Sublicensee is solely between Sublicensor and Sublicensee **{and all such fees are specified in Exhibit B};** fees owed to MEDSTAT are the obligation of Sublicensor under the Contract.

4. ***Confidentiality and Ownership.***

   a) Sublicensee acknowledges that the Software is confidential and proprietary to MEDSTAT and one or more Third Party Licensors and that title thereto shall remain the sole and exclusive property of MEDSTAT and/or such Third Party Licensors. Sublicensee expressly acknowledges and agrees that the Software as initially delivered hereunder or as may be updated, modified or merged by or for either MEDSTAT, Sublicensor or Sublicensee, has been developed through the expenditure of substantial time, effort and money and constitutes the sole and exclusive confidential and/or proprietary property of MEDSTAT and/or the Third Party Licensors. No title or ownership interest in the Software or in any whole or partial copy thereof shall transfer to or vest in Sublicensee. Sublicensee shall cooperate with MEDSTAT in protecting the copyrights, patents, trademarks, trade secrets and other proprietary rights of MEDSTAT regarding the Software by taking all actions and signing all documents necessary to effectuate the intent of this paragraph and shall immediately notify MEDSTAT and Sublicensor of any unauthorized use, possession or knowledge regarding the Software. Sublicensee also agrees to promptly notify Sublicensor and MEDSTAT of any requests made pursuant to Freedom of Information Act or similar public records acts in connection with this Agreement or the Software or any other matters that would affect MEDSTAT's proprietary and other interests in this Agreement or the Software.

   b) Sublicensee agrees to preserve the confidential and trade secret status of the Software. Except as otherwise expressly provided in this Agreement or unless the prior written consent of MEDSTAT is obtained, Sublicensee shall not (i) copy, reproduce or duplicate the Software, in whole or in part; (ii) reveal, publish, transfer, disclose, disseminate, distribute, assign, rent, lease, loan, license, make any telecommunication or cable transmission of, or otherwise make available the Software in whole or in part, to any person or organization other than Sublicensee's employees who have a "need to know" in the ordinary course and scope of their employment; or (iii) modify, translate, merge, alter, reverse compile/assemble, decrypt, reverse engineer or create derivative works from the Software, or develop a system or software similar in function to the Software or a Third Party Licensor product or knowingly permit or enable any other party to do the foregoing. Sublicensee agrees to take at least the same precautions and measures to safeguard the secrecy and confidentiality of, and proprietary rights to, the Software as it would with its own similar proprietary or confidential information and agrees not to disclose the Software to any third party without MEDSTAT"s prior written consent. MEDSTAT's written consent to any access by a third party to the Software shall also be conditioned upon execution by Sublicensee, Sublicensor, MEDSTAT and such third party of a confidentiality and nondisclosure agreement for third party access in a form acceptable to MEDSTAT.

Sublicensee   agrees that the Software includes Third Party Licensor products, and that no Third Party Licensor makes any warranty to Sublicensee regarding the Software, assumes any liability to Sublicensee with respect to Sublicensee's use of the Software or undertakes to furnish support of information relating to the Software. Sublicensee shall comply with and be bound by all provisions and agreements required by Third party Licensors as may be incorporated herin or attached herto as part of Exhibit B. Customer's rights to use the Third Party Licensor products terminate if Sublicensee fails to comply with any such obligations. MEDSTAT and The Third Party Licensors shall be third party beneficiaries of this Agreement to the extent permitted by applicable law for the purposes of enforcing their rights and Sublicensee's obligations regarding the Software and the Third Party Licensor products.

    c) Sublicensee acknowledges that any violation of the confidentiality and nondisclosure provisions of this Agreement may cause irreparable harm to MEDSTAT and that, accordingly, in addition to any other remedies available to MEDSTAT at law or in equity, MEDSTAT shall be entitled to an injunction or other decree of specific performance with respect to any violation or explicit threat thereof, without any bond or other security being required and shall immediately terminate this sublicense.

5. ***Term and Termination.***   Sublicensee's license to use the Software shall continue until _____, or the earlier termination of this Agreement. Both Sublicensor and MEDSTAT shall each have the right, by giving notice to Sublicensee, to terminate this Agreement should Sublicensee violate or breach any term or condition of this Agreement. This Agreement shall automatically terminate upon the expiration or termination, for any reason, of the Contract, pursuant to which this Agreement was authorized. Sublicensee agrees to return to Sublicensor the Software and all whole or partial copies thereof upon any such termination.

6. ***No Warranty***. Sublicensee shall rely solely upon its business judgment in drawing conclusions from and making recommendations and taking action based upon the results or reports produced by using the Software with its database as it exists or may exist from time to time. MEDSTAT disclaims any liability for any consequences due to use, misuse, reliance on or interpretation of information contained in or generated from use of the Software.

    NEITHER MEDSTAT, SUBLICENSOR, NOR ANY THIRD PARTY MAKES ANY WARRANTIES OR REPRESENTATIONS REGARDING THE SOFTWARE, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO GUARANTEES THAT THE SOFTWARE WILL OPERATE ERROR-FREE OR WILL SATISFY SUBLICENSEE'S REQUIREMENTS.

    SOME STATES MAY NOT ALLOW THE EXCLUSION OR LIMITATION OF CERTAIN WARRANTIES, SO SOME OR ALL OF THE FOREGOING PARAGRAPH MAY NOT APPLY TO SUBLICENSEE IN WHOLE OR IN PART.

7. ***No Liability***. **NEITHER MEDSTAT NOR ANY THIRD PARTY LICENSOR INVOLVED IN THE DEVELOPMENT, MARKETING, DISTRIBUTION, OR SUPPORT OF THE SOFTWARE, SHALL BE LIABLE TO SUBLICENSEE FOR DAMAGES OF ANY NATURE, INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL AND SPECIAL DAMAGES.**

    SOME STATES MAY NOT ALLOW THE EXCLUSION OR LIMITATION OF CONSEQUENTIAL DAMAGES, SO SOME OR ALL OR THE FOREGOING PARAGRAPH MAY NOT APPLY TO SUBLICENSEE IN WHOLE OR IN PART.

RIDER G-SOFTWARE LICENSE (Continued)

Sublicensee agrees that, to the extent the foregoing exclusion of damages is invalid or unenforceable, the maximum liability of MEDSTAT and of Sublicensor shall not exceed an amount equal to $10,000.

8. ***Non-Disclosure of Terms.*** Sublicensee and Sublicensor each warrant, represent and agree that it will not disclose the pricing and other confidential terms and conditions of this Agreement, without the other party's prior written consent, to any party other than such parties' accountants, auditors, attorneys, or financial advisors, except to the extent required by any applicable law.

9. ***No Assignment***. Neither this Agreement nor any right or obligation hereunder may be assigned or transferred by Sublicensor or Sublicensee and any attempted assignment or transfer in violation of this restriction shall be void.

10. ***Validity***. In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect, as if such invalid or unenforceable provision had not been included herein.

11. ***Complete Agreement***. This Agreement constitutes the complete and exclusive statement of the understanding of the parties regarding the subject matter hereof, and neither this Agreement nor any provision hereof may be amended, waived or modified unless in writing executed by both parties.

12. ***Governing Law.*** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. ***Export Laws***. Sublicensee shall comply with Export Administration regulations and all other applicable laws and regulations in effect from time to time to ensure that neither the Software or any portion thereof is exported, directly or indirectly, in violation of United States law.

14. ***Government Rights.*** Sublicensee acknowledges that the Software was developed and may be customized or modified to Sublicensor's or Sublicensee's hardware and/or software at private expense by MEDSTAT and is proprietary to MEDSTAT, and that no part of the Software is in the public domain. Some portions of the Software may have been developed or may be owned by Third Party Licensors and be subject to additional restrictions or requirements as provided in Exhibit C to this Agreement. Sublicensee and Sublicensor acknowledge that the Software is not being procured or modified for use in connection with any federal government contract or any contract that would require Sublicensee or Sublicensor to deliver any rights in the Software to the federal government or to any other entity, except as otherwise expressly provided for in the original Contract.

RIDER G-SOFTWARE LICENSE (Continued)

15. ***Survival***. The provisions of Paragraphs 3, 5, 6 and 7 of this Agreement shall survive the termination of this Agreement to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement by their duly authorized representatives.

SUBLICENSEE   THE STATE OF CALIFORNIA
   DEPARTMENT OF HEALTH SERVICES

By: _____   By: _____
      Signature   Signature

Name: _____   Name: _____
    Printed or typed   Printed or typed

Title: _____   Title: _____

Date: _____   Date: _____

RIDER G-SOFTWARE LICENSE (Continued)

Exhibit A

Licensed Facility and Address: _____

                                               _____

Licensed Users: _____

Licensed Workstations: _____

Covered Lives: ___Not Applicable_____

Licensed Servers: _____

RIDER G-SOFTWARE LICENSE (Continued)
Exhibit B
Licensed Software, Fees and Related Covered Services

Software includes:

A.   MEDSTAT Panorama® View [Claims level data is not a part of this license.]
B.   DataScan ®, with or without MyEureka!
C.   MEDSTAT Performance Measurement Workstation™

The sublicense fee(s) are as follows:

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The following services are included in the base sublicense fee:

1.   MEDSTAT will be responsible for installation of the above products on the licensed Workstations at the Licensed Facility.

2.   Training, conducted at MEDSTAT's facility, will be provided as follows: For users of MEDSTAT Panorama View, a 6-hour Introduction to MEDSTAT Panorama View course will be required. For users of DataScan, a two-day Introduction to DataScan course will be required, and a 1-day Intermediate DataScan course will also be provided. A one-day Introduction to IQ/Objects course will also be provided. Users of the MEDSTAT Performance Measurement Workstation will be required to take a 2 ½ hour Introduction to MEDSTAT Performance Measurement Workstation course.

3.   Support provided will consist of those Software support services provided by Contractor to State under the Contract. Included in these services are (i) end-user telephone help desk support provided between the hours of 8:30 – 5:30 PST Monday through Friday to assist users in the operation of the Software, including all features, functions, and capabilities thereof, and (ii) end-user participation in User Group meetings.

Exhibit C
Third Party Licensor Terms and Conditions

American Medical Association

Pursuant to MEDSTAT's CPT License Agreement for Domestic Distribution with The American Medical Association ("AMA"), as it may now or hereafter be amended, MEDSTAT is authorized to distribute and sublicense to Sublicensor **Physicians' Current Procedural Terminology**, **Fourth Edition**, a coding system of nomenclature and five-digit codes for reporting of physician services, and/or ICD-9 (collectively, "CPT"), as part of the Software, provided that Sublicensor is bound by certain terms and conditions. Sublicensee shall also be bound by such terms and conditions. Sublicensee's rights to use the CPT terminate if Sublicensee fails to comply with any of the material terms and conditions thereof.

The terms and conditions set forth in this Agreement that apply to the Software generally also apply to the CPT and inure to the benefit of AMA.

The following is a summary of the additional terms and conditions that apply to the CPT:

1. The provision of an updated version of CPT in the Electronic Media is dependent upon continuing contractual relations with the AMA.

2. The Agreement is nontransferable, nonexclusive, and for the sole purpose of internal use at the Licensed Facility, and only within the United States.

3. The CPT license is granted in consideration for a license fee or other consideration.

4. Sublicensee is prohibited from using CPT or information contained therein in any public electronic bulletin board, or public computer-based information system (including the Internet and World Wide Web unless otherwise expressly provided in the Agreement and subject to the terms thereof).

5. Sublicensee is prohibited from publishing, translating, or transferring possession of the Software or a copy or portion of it.

6. Sublicensee is prohibited from creating derivative works based on CPT and selling, leasing or licensing it or otherwise making the Software or any portion thereof available to any unauthorized party.

7. Sublicensee may only make copies of the Software for back up or archival purposes.

8. CPT is copyrighted by the AMA and all notices of proprietary rights, including trademark and copyright in CPT must appear on all permitted back-up or archival copies made by the user; any printout or other output from the Electronic Media that contains any portion of CPT (other than that which would constitute fair use, interal reports and claim forms for specific patients and external reports distributed outside of your entity containing less than twenty (20) CPT codes and/or descriptions) will display the following:

    "CPT only © 1998 American Medical Association. All Rights Reserved.: The year specified in the copyright notices must conform to future CPT Updates.

9. Sublicensee shall require that anyone who has authorized access to the Software (including MEDSTAT authorized consultants and contractors who perform services for Sublicensee) complies with the provisions of this Agreement.

10. Except as otherwise expressly provided in the Agreement, the Software is provided "as is" without any warranty from or liability to MEDSTAT or the AMA, including, without limitation, liability for consequential or special damages or lost profits for sequence, accuracy or completeness of data, or that it will meet Sublicensee's requirements; MEDSTAT'S and AMA's sole responsibility is to use reasonable efforts for MEDSTAT or

RIDER G-SOFTWARE LICENSE (Continued)

Sublicensor to correct defects or replace the Software; AMA disclaims any liability for any consequences due to use, misuse or interpretation of information contained or not contained in CPT.

11. The CPT license terminates in the event of default by Sublicensee under the Agreement, subject to any applicable cure period.

12. In the event that a provision is determined to violate any law or is unenforceable the remainder of the Agreement shall remain in full force and effect.

13. This product includes CPT which is commercial technical data and/or computer data bases and/or commercial computer software and/or commercial computer software documentation, as applicable which were developed exclusively at private expense by the American Medical Association, 515 North State Street, Chicago, Illinois 60610. U.S. Government rights to use, modify, reproduce, release, perform, display, or disclose these technical data and/or computer data bases and/or computer software and/or computer software documentation are subject to the limited rights restrictions of DFARS 252.227-7015 (b) (2) (June 1995) and/or subject to the restrictions of DFARS 227.7202-1(a) (June 1995) and DFARS 227.7202-3(a) (June 1995), as applicable for U.S. Department of Defense procurements and the limited rights restrictions of FAR 52.227-14 (June 1987) and/or subject to the restricted rights provisions of FAR 52.227-14 (June 1987) and FAR 52.227-19 (June 1987), as applicable, and any applicable agency FAR Supplements, for non-Department of Defense Federal procurements.

14. In the event this is a shrink-wrap license that will not be signed by the end-user, the following notice should appear in boldface type in a conspicuous location so it can be seen prior to opening each Electronic Media package distributed:

> Carefully read the following terms and conditions before opening the Electronic Media package. Opening this package acknowledges your acceptance of these terms and conditions. If you do not agree with these provisions, you should, within a reasonable time, return the Electronic Media package unused and your money will be refunded.

15. In the event this is an on-line Agreement to access CPT information, all end users must indicate their acceptance of these terms by clicking on the appropriate mechanism provided for acknowledging acceptance of these terms.

STATE OF CALIFORNIA   DEPARTMENT OF HEALTH SERVICES MIS/DSS
HEALTH AND HUMAN SERVICES AGENCY   The MEDSTAT Group 96-27021-A05

RIDER G-SOFTWARE LICENSE (Continued)

Information Resource Products

Pursuant to MEDSTAT's agreements with Information Resource Products, Inc. ("IRP"), as they may now or hereafter be amended, MEDSTAT is authorized to sublicense to Sublicensor certain computer software programs (the "IRP Software") as part of the Software, provided that Sublicensor is bound by certain terms and conditions. Sublicensee shall also be bound by such terms and conditions. Sublicensee's rights to use the IRP Software terminate if Sublicensee fails to comply with any of the material terms and conditions thereof.

The terms and conditions set forth in this Agreement that apply to the Software generally also apply to the IRP Software and inure to the benefit of IRP.

The following is a summary of the additional terms and conditions that apply to the IRP Software:

1. The IRP Software may only be used as part of the Software and not on a stand-alone basis or with other software or systems.

Pilot Software, Inc.

Pursuant to MEDSTAT's Commercial Application Partner Agreement with Pilot Software, Inc. ("Pilot"), as it may now or hereafter be amended, MEDSTAT is authorized to sublicense to Customer certain Pilot computer software programs (the "Pilot Software") as part of the Software, provided that Sublicensor is bound by certain terms and conditions. Sublicensee shall also be bound by such terms and conditions. Sublicensee's rights to use the Pilot Software terminate if Sublicensee fails to comply with any of the material terms and conditions thereof.

The terms and conditions set forth in this Agreement that apply to the Software generally also apply to the Pilot Software and inure to the benefit of Pilot.

The following is a summary of the additional terms and conditions that apply to the Pilot Software:

1. Use of the Pilot Software is limited to (i) loading the Pilot Software on and manipulating data with the Pilot Software in random access memory or (ii) installing one copy of the Pilot Software on an internal hard disk.

2. The license is for one of the following as specified in Exhibit A:

    a. Single User License: one copy on a single stand-alone computer.

    b. Limited Network License: on one network server, access to which is limited to the number of workstation licenses specified in Exhibit A.

    c. Concurrent Use License: on one network server and on the number workstations that may have concurrent access to the Software from the designated server which doesn't exceed the number of workstation licenses specified in Exhibit A.

3. Sublicensee agrees to take reasonable steps to advise all users of the terms herein.

4. Sublicensee may either make one copy of the Pilot Software for backup or archival purposes or transfer the Software to a single hard disk provided Customer keeps the original solely for backup or archival purposes.

5. Neither the Software nor the Pilot Software will be installed or made accessible to any third party and shall not be placed or made available on any service bureau, time sharing or other computer facility or arrangement accessible by third parties. Workstations must be owned or controlled by Sublicensee.

6. Sublicensee may not copy the Pilot Software documentation without Pilot's prior written consent.

7.   Pilot's warranty that Pilot Software will function in substantial accordance with accompanying documentation is limited to 90 days from date of delivery to MEDSTAT.

8. Pilot's liability is limited to the amount paid by MEDSTAT to Pilot for the Pilot Software, and MEDSTAT's liability, in turn, to Sublicensor and Sublicensor's liability, in turn, to Sublicensee for the Pilot Software is so limited.

9. Pilot's indemnification obligations for infringement are limited to only the current release of the Pilot Software, and MEDSTAT's obligations in turn to Sublicensor are so limited.

10. The licensing of the Pilot Software is governed by Massachusetts law.

11. The Pilot Software is licensed for use in the United States only.

12. Sublicensee agrees not to attempt to create or permit others to attempt to create by reverse compiling, disassembling or otherwise, any part of the Pilot Software source programs.

13. Pilot disclaims liability for indirect, special and consequential damages.

14. All rights, including copyrights, in the Pilot Software and related materials remain the property of Pilot.

15. The Pilot Software is provided with RESTRICTED RIGHTS. Use, duplication or disclosure by the U.S. Government is subject to restrictions as set forth in subparagraph (c) (1) (ii) of The Rights in Technical Data and Computer Software clause at DFARS 252.227-7013 or subparagraphs (c) (1) and (2) of the Commercial Computer Software - Restricted Rights at 48 CFR 52.227-19, as applicable. Contractor/Manufacturer is Pilot Software, Inc., One Canal Park, Cambridge, Massachusetts 02141.

RIDER H-TRAINING

Per the Contractor's response to the RFP requirements of Section 5.10, the tables below describe the training sessions (by phase) that the Contractor will provide. Training sessions will be conducted at the Contractor ; Sacramento Training Center, assuming the location is approved by the Department's Project Director. In addition, during the Operations Phase, the Contractor will provide an on-site consultant that will coordinate the training sessions for both MIS/DSS and DBMS end-users.

PHASE I				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
Test Lab Training	End-user training For system Testers	2 days	Up to 5.	End-user survey; Necessary Training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE2				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
MIS End-user Training	Interactive, hands-on Panorama View Workshop appropriate for technical and nontechnical users occurring during the first 10 working days after MIS implementation. Users will also be trained on GIS capabilities.	1.5 days	Up to 10/sessions (50 users initially.	End-user survey; customized training manual. User Guide, and other necessary training materials (developed by Contractor) given 1 month prior to training session.
DSS End-User Training	Interactive, comprehensive, hands-on DataScan Core Skills Workshop for technical and nontechnical users that includes case study examples.	4 days	Up to 8/sessions (15 users initially)	end-user survey; End-user Training Workshop Manual. Workstation User Manual, and other necessary training materials (developed by Contractor) given I month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 2 (Continued)				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
DBMS Training	Interactive, technical DB2 End-user Training.	12 hours	10 users	End-user survey; necessary training materials(developed by Contractor) given 1 month prior to training session.
Nontechnical User Primer	A prerequisite training for nontechnical MIS/DSS users that will provide critical PC understanding/tools.	1 day	Up to 10 people per session	End-user survey; necessary training materials(developed by Contractor) given 1 month prior to training session.
Managers Overview Session	Will provide high-level understanding of system capabilities	1 day	Up to 30 users.	End-user survey; necessary training materials(developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 3				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
MIS End-user Training	Interactive, hands on Panorama View Workshop appropriate for technical and nontechnical users. Users will also be trained on GIS Capabilities	2 days	Up to 10/sessions (150 users) initially.	End-user Survey; Customized training manual. User guide, and other necessary training materials (developed by Contractor) given 1 month prior to training session.
DSS End-user Training	Interactive Comprehensive Hands-on DataScan Core Skills Workshop For technical and nontechnical Users that includes case study examples.	4 days	Up to 8/session (60 users total)	End-user survey; End-user Training Workshop Manual. Workstation User Manual, and other necessary training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 3 (Continued)				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
Managers Overview Session	Will provide High-level Understanding of System Capabilities.	1 day	Up to 30 (assume 1 session).	End-user survey; Necessary Training materials (developed by Contractor) given 1 month prior to training session
Nontechnical User Primer	A prerequisite Training for Nontechnical MIS/DSS users That will provide Critical PC Understanding/tools.	1 day	Up to 10 people Per session (70 Users total).	End-user survey; Necessary Training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 4				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
MIS End-user Training	Interactive, hands-on Panorama View Workshop Appropriate for Technical and nontechnical users. Users will also be trained on GIS Capabilities.	1.5 days	Up to 10/session (40 new users).	End-user survey; Customized Training manual. User Guide, and other necessary training materials (developed by Contractor) given 1 month prior to training session.
DSS End-user Training	Interactive Comprehensive, Hands-on DataScan Core Skills Workshop For technical and nontechnical users that includes case study examples.	4 days	Up to 8/session (15 new users).	End-user survey; End-user Training Workshop Manual. Workstation User Manual, and other necessary training Materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 4 (Continued)				
Training Type	Description	Session Length	No. of People Trained	Other Services Provided
Advanced Analytic Training	Teaches advanced methods and analytic tools using case examples	1 day	Up to 10 Session/(10 users).	End-user survey; Necessary Training materials (developed by Contractor) given 1 month prior to training session.
Nontechnical User Primer	A prerequisite Training for nontechnical MIS/DSS users that will provide critical PC understanding/tools.	1 day	Up to 10 people per session (20 users).	End-user survey; necessary training materials (developed by Contractor) given 1 month prior to training session.
DBMS Training	Interactive, Technical DB2 End-user Training.	12 hours	Up to 5 users.	End-user survey; necessary Training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 5				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
MIS End-user Training	Interactive, Hands-on Panorama View Workshop Appropriate for Technical and nontechnical users. Users will also be trained on GIS capabilities.	1.5 days	Up to 10/session (40 new users).	End-user survey; customized training manual. User Guide, and other necessary training materials (developed by Contractor) given 1 month prior to training session.
DSS End-user Training	Interactive, Comprehensive, hands-on DataScan Core Skills Workshop For technical and nontechnical users that includes case study examples.	4 days	Up to 8/session (15 new users).	End-user survey; End-user Training Workshop Manual. Workstation User Manual, and other necessary training materials (developed by Contractor) given 1 month prior to training session.
Advanced Analytic Training	Teaches advanced methods and analytic tools using case examples.	1 day	Up to 6 session/ (10 users).	End-user survey; necessary training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE 5 (Continued)				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
Nontechnical User Primer	A prerequisite Training for Nontechnical MIS/DSS users That will provide Critical PC Understanding/ Tools.	1 day	Up to 10 session (20 users).	End-User Survey; necessary training materials (developed by Contractor) given 1 month prior to training session.
DBMS Training	Interactive, Technical DB2 End-user Training	12 hours	Up to 5 users.	End-user survey; Necessary Training materials (developed by Contractor) given 1 month prior to training session.
MIS/DSS/DBMS Upgrade Training	This session will highlight product enhancements, including how to use functions. It is appropriate to all trained users.	4-8 hours on an as needed basis (depending on scope of enhancements).	12 people per session.	End-user survey, necessary training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE OPERATIONS				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
MIS End-user Training	Interactive, Hands-on Panorama View Workshop Appropriate for technical and nontechnical users. Users will also be trained on GIS capabilities.	1.5 days (4 sessions/year).	Up to 10/session (40 new users).	End-user survey; Customized training manual. User guide, and other necessary training materials (developed by Contractor) given 1 month prior to training session.
DSS End-user Training	Interactive, comprehensive, hands-on DataScan Core Skills Workshop for technical and nontechnical users that includes case study examples.	4 days (sessions scheduled twice per year).	Up to 8/session (15 new users).	End-user survey; End-user Training Workshop Manual. Workstation User Manual, and other necessary training materials (developed by Contractor) given 1 month prior to training session.

RIDER H-TRAINING-CONTINUED

PHASE OPERATIONS (Continued)				
Training Type	**Description**	**Session Length**	**No. of People Trained**	**Other Services Provided**
Advanced Analytic Training	Teaches advanced methods and analytic tools using case examples.	1 day (2 sessions/year).	Up to 6 session/ (10 users).	End-user survey; necessary training materials (developed by Contractor) given 1 month prior to training session.
Nontechnical User Primer	A prerequisite training for nontechnical MIS/DSS users that will provide critical PC understanding/ tools.	1 day	Up to 10 session (20 users).	End-user survey; necessary training materials (developed by Contractor) given 1 month prior to training session.
DBMS Training	Interactive, technical DB2 End-user Training.	12 hours	Up to 5 users.	End-user survey; necessary training materials (developed by Contractor) given 1 month prior to training session.
MIS/DSS/DBMS Upgrade Training	This session will highlight product enhancements, including how to use functions. It is appropriate to all trained users.	4-8 hours on an as needed basis (depending on scope of enhancements).	12 people per session.	End-user survey; necessary training materials (developed by Contractor) given 1 month prior to training session.

Expires 4/16/2001

RIDER H-TRAINING-CONTINUED

Effective 4/17/2001, Annual Training

Training Type	Description	Session Length	Number of Sessions	No. of People Trained
MIS End-User Training	Interactive, hands-on training of the MIS Applications (e.g., Panorama View and Briefing Book). Designed for new end-users but open to users who need refresher training.	½ day	up to 12 sessions (once per month) for up to 10 people per session	120 per year
DSS General End-User Training	Interactive, comprehensive, hands-on training of the DSS Applications (e.g., DataScan, MyEureka!). Designed for new end-users but open to users who need refresher training.	6 days	up to 6 sessions per year (every other month) for up to 8 people per session	48 per year
DSS Geographic Mapping Training	Interactive hands-on training of the advanced geographic mapping capabilities available in the DSS	1 day	up to 1 session per year for up to 8 people per session	8 per year
DSS HEDIS Training	Interactive hands-on training of the HEDIS reporting capabilities of the DSS	½ day	up to 4 sessions per year for up to 10 people per session	40 per year
Periodic Training	Ad-hoc training sessions, to be determined by mutual agreement with the State, for advanced training, SAS, or other special topics.	1 day	up to 2 sessions per year for up to 8 people per session	16 per year

RIDER I-PERSONAL SERVICES

The maximum amount of this Rider shall not exceed $37,497,738.95 consisting of $36,497,738.95 for the fixed price tasks prescribed in this Proposal Request and $1,000,000 set aside for payment of any unanticipated tasks specifically authorized under the provisions of Paragraph 7.

1.   General

a. The purpose of this Rider is to define certain tasks required to provide 1) a Management Information System; 2) a Decision Support System; 3) A Relational Database Management System to support the MIS/DSS; and 4) a Test Laboratory, establish the responsibilities for accomplishing these tasks, and prescribe the payment therefore. These tasks include those described in the Contractor's response to the RFP 96-25511.

c. To the extent that additional work, not foreseen at the time this Agreement is executed, must be accomplished, Work Authorizations, as described in Paragraph 5, will be the means for defining and authorizing such work on a Labor Hour basis.

2.   Statement of Work

a. Contractor shall make available to the State technically competent personnel for the purpose of providing the services required to accomplish the tasks prescribed in RFP Section 5.11, in the manner described therein. Each such task will be considered complete when the completion criteria, as defined in the applicable Task Schedule, is met.

b. Each Task Schedule contains, as a minimum, a description of the task, a statement of the Contractor's responsibilities, completion criteria, a list of deliverable items (if any), the estimated starting date, the scheduled completion date, and a fixed cost for each task. The aggregate of the fixed costs for all Task Schedules constitutes the fixed price ceiling for all tasks described in the various Task Schedules.

c. The Contractor agrees to perform the services for which he is responsible, that he will accomplish this work in the manner and the time stated in the Task Schedules, and that he will provide the deliverable items as required. This performance is predicated, however, on the State meeting its responsibilities in the time and manner described in the Task Schedules.

3.   Control and Supervision

The services provided by the Contractor to accomplish the Statement of Work shall be under the control, management, and supervision of the Contractor.

4.   Personnel

a. Contractor personnel shall perform their duties on the premises provided by the Contractor, during the State's regular work days and normal work hours, except as may be specifically agree to otherwise by the State.

b. The State reserves the right to disapprove the continuing assignment of the Contractor personnel provided to the State under this Rider. If the State exercises this right, and the Contractor cannot immediately replace the disapproved personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected thereby.

c. The Contractor will make every effort consistent with sound business practices to honor the specific requests of the State with regard to assignment of its employees; however, subject to paragraph 4.b. above, the Contractor reserves the sole right to determine the assignment of its employees. If a Contractor employee is unable to perform due to illness, resignation, or other factors beyond the Contractor's control, the Contractor will make every reasonable effort to provide suitable substitute personnel.

d. In recognition of the fact that Contractor personnel providing services under this Rider may perform similar services from time to time for others, this Rider shall not prevent Contractor from performing such similar services or restrict Contractor from using the personnel provided to the State under this Rider, providing that such use does not conflict with the performance of services under this Rider.

5.   Responsibilities of the State

a. The State shall not provide normal office working facilities and equipment necessary for Contractor performance under this Rider. Any special requirement(s) (e.g., reprographic services, computer time, key data entry, etc.) are identified in the Task Schedules.

b. The State is responsible for providing required information data, documentation, and test data to facilitate the Contractor's performance of the work, and will provide such additional assistance and services as is specifically set forth in the various Task Schedules.

c. Delay or failure by the State to fulfill the above described responsibilities, such that the Contractor is prevented from performing in accordance with the applicable Task Schedules, may result in additional costs to the State and deviations from previously agreed upon work schedules. In this event, the State and Contractor will initiate one or more Work Authorizations, as described in Paragraph 7. Should the Contractor determine that a delay exists, or is probable due to failure of the State, the Contractor will notify the State in writing immediately.

d.   The Department's Project Director is responsible for ensuring the performance of the state personnel under this Rider, and is the state individual to whom all communications relative to this Rider will be addressed.

6.   <u>Rights in Data</u>

a. State acknowledges and agrees that all Contractor products and Contractor services used or provided by Contractor under or in connection with this contract are proprietary to Contractor or third parties from whom Contractor licenses such products, and title thereto shall remain the sole and exclusive property of Contractor or such third parties. State shall keep all Contractor products and services confidential and shall not reproduce, duplicate, reveal, publish, transfer, or disclose any Contractor products or services to anyone other than its employees without Contractor's written consent. State agrees to require all its employees, agents, and other representatives, including any insurers, servicers, consultants or other parties who (after written consent from Contractor has been received) have ongoing or intermittent access to any Contractor products or services, to adhere to these confidentiality obligations. Upon termination of this contract for any reason, State shall return or cause to be returned to Contractor within 30 days any and all information, in whatever form, which is in its possession or control, or in the possession or control of any parties who may have been afforded access to any Contractor products or Contractor services, regarding or relating to any software, operating systems, analysis systems, programs, database systems, enhanced databases or documentation related to the Contractor products.

b. All technical communications and records originated or prepared by the Contractor pursuant to this Agreement including papers, reports, charts, computer programs, and other documentation, but not including Contractor's administrative communications and records relating to this Agreement, shall be delivered to and shall become the exclusive property of the State and the Federal government and may be copyrighted by the State and the Federal government.

c. The ideas, concepts, know-how, or techniques relating to data processing, developed during the course of this Agreement by the Contractor or jointly by the Contractor and the State can be used by either party and the Federal government in any way it may deem appropriate.

d. All inventions, discoveries or improvements of the computer programs developed pursuant to this Contract, shall be the property of the State and Federal government. The State and Federal government agree to grant a non-exclusive royalty-free license for any such invention, discovery, or improvement to the Contractor or any other such person and further agree that the Contractor or any other such person may sub-license additional persons on the same royalty-free basis.

e. The State shall retain ownership of all customized software, associated documentation, reports, and other materials developed exclusively for the State under this Contract. The State shall also retain ownership of all final work products produced by the Contractor's staff under the consulting services (3,600 hours) portion of this Contract.

f. Notwithstanding paragraphs b, c, d and e above, Contractor shall retain ownership in all proprietary methodologies used or provided under this Contract.

g. This Paragraph shall not preclude the Contractor from developing materials outside this Agreement, which are competitive irrespective of their similarity to materials, which might be delivered to the State pursuant to this Agreement.

RIDER I-PERSONAL SERVICES-Continued

7.   Unanticipated Tasks

a. In the event that additional work must be performed which was wholly unanticipated, and which was identified in neither the State's Invitation for Bid nor the Contractor's bid submitted in response thereto, but which in the opinion of both parties is necessary to the accomplishment of the general scope of work outlined, the procedures outlined herein will be employed.

b. For each item of unanticipated work, a Work Authorization will be prepared in accordance with the sample attached as Exhibit A and will be incorporated as a Schedule to this Rider.

c. It is understood and agreed by both parties to this Rider that all of the terms and conditions of this Rider shall remain in force with the inclusion of any such Work Authorization added as a Schedule to this Rider. Such Work Authorization shall in no way constitute a contract other than as provided pursuant to this Rider nor in any way amend or supersede any of the other provisions of this Agreement.

d. Each Work Authorization shall consist of a detailed statement of the purpose, objective or goals to be undertaken by the Contractor, the job classification or approximate skill level of the personnel to be made available by the Contractor, an identification of all significant material to be developed by the Contractor and delivered to the State, an identification of all significant materials to be delivered by the State to the Contractor, an estimated time schedule for the provision of these services by the Contractor, completion criteria for the work to be performed, the name or identification of the Contractor personnel to be assigned, the Contractor's estimated labor-hours required to accomplish the purpose, objective or goals, the Contractor's billing rates per man-hour, and the Contractor's estimated total cost of the Work Authorization.

e. All Work Authorizations must be in writing and signed by the Project Manager for the Contractor and by the Department's Project Director for the State prior to beginning work.

f. The State has the right to require the Contractor to stop or suspend work on any Work Authorization by fifteen- (15) calendar days' written notice. The Contractor agrees to stop or suspend work earlier than fifteen (15) days, if Contractor employees engaged in the work can be reassigned to other duties.

g. Personnel resources will not be expended (at a cost to the State) on task accomplishment in excess of the estimated labor-hours required unless the procedure below is followed:

(1) If, in the performance of the work, the Contractor determines that a Work Authorization to be performed under this Agreement cannot be accomplished within the estimated labor-hours, the Contractor will immediately notify the State in writing of the Contractor's estimate of the labor-hours which will be required to complete the Work Authorization in full. Upon receipt of such notification, the State may:

(a) Authorize the Contractor to expend the estimated additional labor-hours of service in excess of the original estimate necessary to accomplish the

Work Authorization (such an authorization not unreasonably to be withheld); or

(b) terminate the Work Authorization; or

(c) alter the scope of the Work Authorization in order to define tasks, which can be accomplished within the remaining estimated labor-hours.

(2) The State will notify the Contractor in writing of its election within seven (7) calendar days after receipt of the Contractor's notification. If no notice of the election is received, the Contractor may act as if authorization to proceed had been given by the State, and may expend the estimated additional labor-hours of services as if formally notified. The State agrees to reimburse the Contractor for such additional labor-hours.

h.   The State has reviewed and agreed with the Contractor, in accordance with all procedures outlined in this Rider, section 7, that additional services out of the scope of the original fixed price contract will be performed in accordance with the Task Description, Tasks and Responsibilities, Deliverables, Completion Criteria, Change Criteria and State Responsibilities as outlined in each Work Authorization.

NOTE: The work described in 7.h.1, 2, 3 and 4   (and subsequent subsections A through F) below was added via amendments 1, 2, and 4 to the contract and completed effective 4/16/01.

7.1.   <u>**Unanticipated Tasks**</u>

a.   In the event there is additional work required to assure that the DBMS does not contain duplicate data, including but not limited to duplicate claims data, encounter data, capitation data, or health care service plan financial data, or in the event additional work is required to assure that the DBMS will not receive any such duplicate data from any source in the future, where such work was wholly unanticipated at the time this contract was entered, and therefore is not described in the existing scope of work for this contract, the work shall be performed and reimbursed as described in this paragraph (7.1).

b.   For each item of unanticipated work to identify and remove duplicate data, a Work Authorization will be prepared in accordance with the sample attached as Exhibit A and will be incorporated as a Schedule to this Rider.

c.   For purposes of this agreement, "duplicate data," means any record with a header or first detail segment with identical information as another record in the DBMS.

d.   It is understood and agreed by both parties that all of the terms and conditions of this Rider shall remain in force, notwithstanding the inclusion of this paragraph (7.1) and any

STATE OF CALIFORNIA   DEPARTMENT OF HEALTH SERVICES MIS/DSS
HEALTH AND HUMAN SERVICES AGENCY   The MEDSTAT Group 96-27021-A05

RIDER I-PERSONAL SERVICES-Continued

work Authorization added as a Schedule to this Rider. Such Work Authorization shall not constitute a separate contract, nor shall it amend or supercede any of the other provisions of this Agreement.

7.1.A. Task Description

1. Identify issues and correct problems, run and re-run data investigation of claims and encounter data.

2. Develop Provider Master File (PMF) data extract(s).

3. Develop eligibility layout(s).

4. Identify and analyze the extent of the issue of duplicate data submitted and utilized in Phase 2 databases. Develop solution(s) for removal of duplicate data and rebuild Phase 2 databases using devised solution.

5. Perform first update to Phase 2 databases twice to compensate for duplicate capitation data.

6. Remove duplicate data from source data prior to Phase 3 test cycles and final database build.

7. Perform work on agreed upon scope changes as identified in the Investigation Requests (IRs) identified for execution. IRs are required for federally mandated changes as well as State Statute changes that require system changes to properly reflect the data within the MIS/DSS.

8. Develop a plan for revised Medi-Cal Estimate for Fiscal Forecasting (FF) and Data Management Branch. This requires:

   FF Comprehensive evaluation and documentation of the current process.
   FF Recommendations and specifications for a more accessible, flexible and robust forecasting system, which will be easier to maintain.

9. Make changes to separate Dental Data from the general outpatient table, into a separate dental table.

10. Modify the eligibility program for the new expanded layout, and add new fields to the Eligibility Table. Additional fields added to include:

   County of Residence (RESCNTY), which represents the county in which, the Medi-Cal eligible resides. It will be validated against a map of valid county codes. "Out-of-State" residence will be indicated by an input value of '99'. In addition to the Eligibility Table, this field will be added to the Claim and Drug tables (tagged from Eligibility), Case, and Episode (assigned from last non-missing) tables, as well as the Population Table.

3rd Special Program Code (SPCAID3), which represents the 3rd special aid code for the Medi-Cal eligible. This field will be set in the same way that the 1st and 2nd Special Program Codes are currently set. If POPS-Month-SPEC3-AID is equal to spaces or low values the field will be set to spaces (missing). Otherwise, it will be set to POPS-Month-SPEC3-AID.

Date of Entry (ENTRYDT). This field will be converted to DATE format so that mathematical comparisons can be made against it. A "01" will be forced as the day.

Alien-Elig Code (ALIENCD). This field will be validated against a map of valid values.

REF/Alien Ind Field (ALIENIND). This field will be validated against a map of valid values.

7.1.B. Tasks and Responsibilities

1. Identify procedure codes on claims and encounter data that need to be distinguished by type of service (including CHDP).

2. Identify changes needed in the Beneficiary Identification Number (BIN) field to give unique numbers for unduplicated counts.

3. Develop a mini test base for claims and encounter data for Phase I database.

4. Run and re-run data investigation reports or resubmitted data formats from the State.

5. Create program(s) to convert PMF data to format(s), which allow testing.

6. Create data feed(s) in non-PMF format(s).

7. Perform data investigation to identify data deficiencies in both FFS and encounter data.

8. Develop extract format for ITSD's merged provider datafeed combining all providers including dental and medical FFS providers.

9. Generate extract layout(s) for eligibility data from MEDS file.

10. Determine data fields to go on extract(s).

11. Change eligibility specifications for layout(s).

12. Investigate, analyze, and identify scope of duplicate data submissions by data set and by managed care plan. Prepare reports describing extent of duplication.

13. Meet with State to confirm scope of duplicate data problems and compare results of inventory to Validate Phase 2.5 database-related data.

14. Re-update the Phase 2.4 database update, after identifying the duplicate capitation data provided, request and obtain a new data submission, and back out impact of first update performed with duplicate capitation data.

15. Develop, test and execute a solution to remove duplicate data from sources submitted. Utilize this solution in preparation for a Phase 2.5 database build.

16. Build, validate and release new DataScan, PMW and Panorama View databases (2.5) which do not contain data removed as duplicate data as outcome of step 2.14 above.

17. Remove duplicate data from submitted sources prior to building the first test cycle databases using the method described above in 2.14.

18. Remove duplicate data from submitted sources prior to building the first production Phase 3 databases using the method described above in 2.14.

19. Research and planning including:

    (1) Conduct on-site meetings with Fiscal Forecasting staff
    (2) Develop a formal deliverable which describes the current processing streams
    (3) Identify and evaluate alternative recommendations for platform and software in an improved process.
    (4) Conduct software training for Fiscal Forecasting and Data Management Branch staff.

    This task requires research and planning, design specification changes walkthroughs between data managers and developers, and creation and execution of additional test cases to include additional dental data.

20. To modify the eligibility program for the new expanded layout:
    (1) Complete an impact analysis
    (2) Modify copybooks CRPINT1/2 to add additional fields
    (3) Update the Eligibility Background Document with the new record layouts (CRPINTP1 and CRPINTP2)
    (4) Update the Geocode Background Document with the new record layouts (CRPINTP1 and CRPINTP2)
    (5) Add the RESCNTY field to the Claim, Drug, Case, Population and Episode tables
    (6) Add RESCNTY, ENTRY-DT, ALIEN-CD, ALIEN-IND, and SPC-AID-CD3 to the Eligibility table
    (7) Add new fields to Col-Lookup and EGAD
    (8) Modify specifications for all new fields

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      (9) Update the MyEureka! Metadata file for the new and changed table fields

      (10)   Create maps of valid values for RESCNTY, ALIENCD and ALIENIND

      (11)   Develop conversion program modifications for all new fields

      (12)   Upload new maps to the mainframe

21. Perform work on agreed upon scope changes as identified in Investigation Requests (IRs). IRs are required for federally mandated changes as well as State statute changes that require system changes to properly reflect the data within the Management Information System/Decision Support System.

7.1.C. <u>Deliverables</u>

1. Detail list of errors in data including claims and encounter data.

2. List(s) of changes needed in editing of claims and encounter data by Data System Branch including correction of missing data (such as Short Doyle missing birth dates and Child Health and Disability Program (CHDP) procedure codes).

3. Correct and test base for claims and encounter data.

4. Detailed list of data deficiencies for both FFS and Encounter data.

5. Extract format developed by MEDSTAT and DHS staff for merged datafeed to be prepared by ITSD (including merged dental and medical FFS providers).

6. Provider file specifications for pre-convert program.

7. Detailed eligibility layout(s) and contents.

8. Data extract requirements and detailed list(s) identifying sources for data layout(s) (including eligibility).

9. Specification of process for data requests to ITSD (including eligibility data requests).

10. Reconstructed Phase 2.5 DataScan, PMW and Panorama View databases

11. Modified data sources for Phase 3 databases that have duplicates removed.

12. Build Phase 3 databases without duplicate data and above changes incorporated.

13. Database specification documentation reflecting above changes.

14. Provide the following:
      (1) a comprehensive evaluation and documentation of the current Medi-Cal Estimate process.

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      (2) recommendations and specifications for a more accessible, flexible and robust forecasting system.

15. Provide the following:
      (1) Changes to provide a separate Dental Data table.
      (2) Completion of Research and planning,
      (3) Design specification changes.
      (4) Walkthroughs between data managers and developers
      (5) Creation and execution of additional test cases.

16. Provide the eligibility program for the new expanded layout, and add new fields to the Eligibility Table. Additional fields added to include:

County of Residence (RESCNTY), which represents the county in which the Medi-Cal eligible resides. It will be validated against a map of valid county codes. "Out-of-State" residence will be indicated by an input value of '99'. In addition to the Eligibility Table, this field will be added to the Claim and Drug tables (tagged from Eligibility), Case, and Episode (assigned from last non-missing) tables, as well as the Population Table.

3rd Special Program Code (SPCAID3), which represents the 3rd special aid code for the Medi-Cal eligible. This field will be set in the same way that the 1st and 2nd Special Program Codes are currently set. If POPS-Month-SPEC3-AID is equal to spaces or low values the field will be set to spaces (missing). Otherwise, it will be set to POPS-Month-SPEC3-AID.

Date of Entry (ENTRYDT). This field will be converted to DATE format so that mathematical comparisons can be made against it. A "01" will be forced as the day.

Alien-Elig Code (ALIENCD). This field will be validated against a map of valid values.

REF/Alien Ind Field (ALIENIND). This field will be validated against a map of valid values.

7.1.D. Completion Criteria

1. Delivery of the program and associated deliverable, and approval by the Department Project manager of those items listed under heading "C" above will constitute completion of tasks.

2. Delivery of the Phase 2.5 and Phase 3.3 databases and approval by the Department Project Director of those items listed as deliverables above constitute completion of tasks A1, 2 and 3 upon execution of this agreement.

3. Invoicing for tasks included in this amendment are as follows:

a) An invoice of $626,478 will be submitted for tasks 1 (a), (b), and (c) upon execution of this agreement for FY 98/99.

b) Invoices for task 1 (d) will be submitted upon completion of each IR. Amounts to be invoiced by IR will vary and will be communicated by DHS to MEDSTAT when requesting changes during FY 99/00 for a total of $697,481.62.

4. Delivery of the recommendations, specifications and associated deliverables, and approval by the Department Project Director of those items listed above will constitute completion of these tasks.

5. Delivery of the Changes to incorporate additional Dental Data and associated deliverables and approval by the department Project Director, of those items listed as deliverables above constitute completion of tasks.

6. Delivery of the modified eligibility program for the new expanded MEDS layout, new fields in the Eligibility Table and associated deliverables, and approval by the Department Project Director of those items listed above will constitute completion of these tasks.

7. Completion of the tasks in the IRs identified ~~in 2(d)~~ above.

8. Invoicing for tasks included in this amendment will be submitted upon completion of each IR. Amounts to be invoiced by IR will vary and will be in accordance with Section 7 of this Rider, the Work Authorization process, but will not total more than $464,436.

7.1.E. **Change Criteria**

The program developed under this Work Authorization shall be subject to the change control procedures outlined in the bid.

7.1.F. **State Responsibilities**

1. Provide functional specification detailing code changes.

2. Verify test results

3. Indicate acceptance of program.

4. Provide computer time.

5. Meet with MEDSTAT to identify problems and solutions for duplicate data.

6. Prepare inventory of data submitted by EDS to ITSD and by ITSD to MEDSTAT.

7. Provide missing encounter data for Phase 3.3-database build.

8. Provide corrected capitation data used in Phase 2.4-database update.

9. Identify duplicate Managed Care Financial data records for removal by MEDSTAT.

10. Communicate to end user community reason for new Phase 2-database, and postponement of Phase 3-database release.

8. Reporting, Invoicing, and Payment for Services

a. The Contractor shall provide a monthly written and oral status report, including a review of current and subsequent weeks' work plans and an analysis of any problems previously encountered and still unresolved or anticipated to be encountered. These reports will be made to the Department's Project Director and to any other personnel either deems appropriate.

b. For those Task Schedules which do not include deliver to the State of identified deliverable items, but which are of a continuing nature, the Contractor may submit monthly invoices reflecting pro rata cost of the Task Schedule, less 10 percent, less any amount previously invoiced. Actual progress payment amounts, for such Task Schedules, must be based on at least equivalent services rendered and, to the extent practicable, will be keyed to clearly identifiable stages of progress as reflected in written reports submitted with the invoices.

c. Upon completion and acceptance by the State of a Task Schedule involving a deliverable the full charge for such Task Schedule, may be submitted for payment.

d. In the event that unanticipated work is performed, invoices for services as reflected on Work Authorizations will be submitted to the State for payment. The Contractor will invoice the State monthly for the labor-hours expended in each Work Authorization for the preceding month. Each such invoice shall reflect the number of hours worked by each classification of Contractor personnel and the applicable billing rates. In no event shall the total amount paid for such unanticipated work exceed 10 percent of the total amount of this Rider.

e. Invoices prepared in accordance with paragraph 8.b. c., and d. above will not be submitted more frequently than monthly to the State.

f. In the aggregate, invoices reflecting progress payments will not exceed 90 percent of the ceiling amount of the Agreement, with the balance to be invoiced upon satisfactory completion of the Agreement.

g. The State shall make payment to the Contractor as promptly as fiscal procedures permit for performance under this Rider in accordance with applicable completion criteria as accepted by the State and in accordance with invoices submitted.

h. Upon completion and acceptance by the State of the Task Description, Tasks and Responsibilities, Deliverables, Completion Criteria, Change Criteria and State Responsibilities identified in Unanticipated Tasks Section 7.h of this contract the full charge for such task schedule may be submitted for payment.

i. For base contract extension services they are to be invoiced monthly in equal amounts as outlined in Rider E.

j. Additional contract extension service deliverables, which are not part of the base contract extension services, are to be invoiced separately and billed upon applicable completion criteria as accepted by the State and in accordance with invoices submitted.

9. **Liabilities for Damages**

The Contractor shall be relieved of liability with respect to the performance of work as outlined in each Task Schedule when the State agrees the Task Schedule has been satisfactorily completed.

10. All rights, duties, obligations and liabilities of the parties hereto otherwise remain unchanged.

11. Contract Extension Services. Personal services associated with the extension (April 17, 2001 through April 16, 2004) are described and covered in the following three areas: 1) base contract extension services for ongoing operations (described below in paragraph 11.A); 2) specified new deliverables (described below in paraghraph 11.B.1 through 11.B.3); and 3) additional unanticipated tasks (work authorization process covered by rider I, Paragraph 7, Unanticipated Tasks). The amounts for each of these three areas are listed in Rider E.

a. Base contract extension services, to be invoiced in accordance with the schedule outlined in Rider E, are as follows:

(1) Monthly updates to the production Decision Support System (DSS) and Management Information System (MIS) databases.
(2) Annual updates to the HEDIS database.
(3) Standard software upgrades, including associated implementation, for the licensed MEDSTAT application software.
(4) Regular updates to reference tables related to either the standard MEDSTAT application suite or to the customizations made for the Medi-Cal MIS/DSS, including but not limited to Relative Value Units (RVUs), clinical code sets, and zip code maps.
(5) Upgrades, according to mutually agreed upon criteria documented in the Production Processes, to required third party software related to the MIS/DSS.
(6) Training services are described and included in Rider H.

RIDER I-PERSONAL SERVICES-Continued

(7) Administration and project management services related to operations and maintenance of the MIS/DSS, including but not limited to project management, change control preparation and participation, bi-monthly status meetings, monthly status reports, and risk assessment/mitigation work in conjunction with the Department.

(8) Up to 4,800 hours per year in support of end-use of the system, including but not limited to Analytic Support Desk calls, user groups, end-user outreach, creation and sharing of report templates and "how-to guides", ad-hoc consulting projects under the direction of the Department, Manager's Overview and Analytic Agenda setting sessions, and Briefing Book report development and generation.

(9) Routine database changes that do not require changes to custom programs (i.e., map changes to accommodate new aid codes, categories of service, procedures code, etc.)

(10) Up to 1,800 hours per year to implement non-routine changes to the system design (e.g., new database fields, revised logic for existing fields, new database tables, new or modified Panorama questions, etc.) or other unanticipated changes (e.g., support of a new Windows operating system). Department approval for these changes and hours will use the existing Work Authorization process, whereby the Department must approve the labor hour estimate prior to the commencement of work.

(11) End-user desktop rollout support related tot he MIS/DSS, including coordination with necessary Department LAN Administrators for software upgrades, installation of software on new desktop equipment, and new end-users.

(12) Updated design and process documentation, when necessary after changes, including, Detailed System Design and Production Processes.

b. Deliverables

Effective April 17, 2001 the MIS/DSS contract extension will include the following deliverables to be invoiced separately as specified in Rider E.

1. Creation of additional DSS "history" databases that would grow the data available from the current 30 months to 66 months through the creation and storage of three separate, one-year history databases. These DSS history databases would be created prior to the roll-off of any part of a state fiscal year from the 30 month database. When more than three years of history become available, the oldest year will be archived off-line. If the Department has a periodic need to access one of these archived databases that is not on-line, the oldest year on-line could be temporarily replaced (within 30 days) with one of the older, archived years. The annual history databases will be static once created — they will not be updated with new data nor will the contents or structure of fields be changed. The cost for the additional hardware (i.e., storage space) for these three one-year history databases is not included in the fee for this deliverable — these hardware costs are proposed in the HHSDC contract extension. In summary, the following DSS databases will be available after all three history databases are complete:

12 month DB	12 month DB	12 month DB	30 Month DB

This deliverable would include the following elements:

    a. A mutually agreeable History Database Project Plan, targeted for approval by May 17, 2001, outlining proposed dates for the major steps, including System Design, Test Database Development, System Test, User Acceptance Test, Training, Release for End-Use, and Ongoing Support.

    b. Completion of the State Fiscal Year 1999 history database (containing service dates between July 1, 1998 through June 30, 1999 and paid or processed through December 2000), including production access by end-users, within three months of the establishment of the agreed upon Project Plan in 2(a) above (i.e., by August 16, 2001 assuming an on-time agreement of the Project Plan).

    c. Completion of the State Fiscal Year 1998 history database within six months of the establishment of the agreed upon Project Plan in 2(a) above (i.e., by October 18, 2001). This represents the oldest data that will be available through the MIS/DSS.

    d. Completion of the State Fiscal Year 2000 State Fiscal Year history database within 60 days following the release of the December 2002 update to the 30 month database.

    e. Completion of subsequent (more recent) history databases within 60 days following the release of the December update to the 30 month database.

2. Expand the MIS to display up to 48 months (from the current 27 months) for selected questions and folders. This would be accomplished through changes in catalog settings that would allow the display of months that would otherwise "roll-off" the database. These months would not be re-aggregated — they will remain static within the application. Please note that the Quality Folder will continue to display two rolling years. Major changes to the structure of the database, like the number or content of the summary dimensions, new questions, or re-processed incoming data may prevent the ability to display these historical months. The cost for the additional hardware (i.e., storage space) for the expanded months is not included in the fee for this deliverable — these hardware costs are proposed in the HHSDC contract extension. This deliverable would include the following elements:

    a. A mutually agreeable Project Plan, due by May 17, 2001, outlining proposed dates for the major steps, including System Design, Test Database Development, System Test, User Acceptance Test, Training, Release for End-Use, and Ongoing Support.

    b. Addition of the first expanded month (the 28th month), including production access by end-users, within three months of the establishment of the agreed upon Project Plan in 3(a) above (i.e., by August 16, 2001).

    c. Continued monthly additions with each update, without roll-off, until the database reaches 48 months. Thereafter, the database will reflect a rolling 48 months.

3. Expand the Briefing Book to include three separate Briefing Books, with access controlled by end-user identification. This will allow the Department to tailor the "view" of the Briefing Books to three different user groups. The content of each Briefing Book will be determined by The Department, with work associated with the development and generation of the reports to be charged against the 4,800 consulting hours. This deliverable would include the following elements:

    a. A mutually agreeable Project Plan, targeted for approval by May 17, 2001, outlining proposed dates for the major steps, including System Design, Test Database Development, System Test, User Acceptance Test, Training, Release for End-Use, and Ongoing Support.

b. Identification and creation of the three views, including production access by end-users, within six months of the establishment of the agreed upon Project Plan in 2(a) above (i.e., by November 15, 2001 assuming an on-time agreement of the Project Plan).

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RIDER I--PERSONAL SERVICES (Continued)

EXHIBIT A

WORK AUTHORIZATION
SAMPLE

Schedule 1

TITLE: Code Conversion

Task Summary

Develop program to convert to appropriate CPT 4 codes.

Schedule Dates

State Date:
Completion Date:

Estimated Labor-hours	L/H Rate	Estimated Total Cost
100	$40.00	$4,000.00

Contractor Personnel To Be Assigned	Job Classification/Skill Level
Bill Jones	Staff Programmer Analyst

This task will be performed in accordance with this Work Authorization and the provisions of Contract Rider I, Paragraph 7, entitled "Unanticipated Tasks."

Approval

_____   _____

Contractor Project Manager   **State Project Director**

RIDER K-NON-APPLICABILITY

The following provisions are inapplicable to this contract:

RIDER J Additional Contractor Commitments

NON DISCRIMINATION CLAUSE
(OCP - 2)

1 . During the performance of this contract, the recipient, contractor and its subcontractors shall not deny the contract's benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. Contractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

2. Contractor shall comply with the Provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.), the Provisions of Article 9,5, Chapter 1, Part 1, Division 3, Title 2 Of the Government Code (Government Code, Sections 11135-11139,5) and the regulations or standards adopted by the awarding State agency to implement such article.

3. Recipient, contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

4. The Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

STD, 17B (NEW 5 - 83)